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DOES THE CURRENT CATHOLIC CHURCH HELP OR HARM THE POOR?
A Libertarian Perspective

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ABSTRACT

The burden of the present paper is to examine whether the modern Catholic Church is a force for alleviating poverty or whether, from a libertarian perspective, some of its contemporary economic recommendations may unintentionally contribute to its persistence. Rather than presenting an empirical demonstration, this paper offers a normative and theoretical argument grounded in libertarian economics. We argue that certain aspects of contemporary Catholic social teaching may discourage the incentives, entrepreneurship, and institutional conditions necessary for long-term economic development and poverty reduction. This paper does not question the Church's important humanitarian, educational, and charitable contributions. Instead, it focuses specifically on the economic principles reflected in its contemporary social teaching and their implications for development. We attempt to document this assessment in the hope that, in some small way, this religious organization may reconsider aspects of its present course and move the economy in the direction of curing poverty rather than contributing to its persistence. We hope this perspective contributes to the broader academic discussion on religion, economic development, and poverty reduction.

DOES THE CURRENT CATHOLIC CHURCH HELP OR HARM THE POOR

For decades, the poor have relied on the church and God for hope, as a mechanism to achieve economic growth and human flourishing. While recognizing the Church's important charitable and humanitarian contributions, we argue that some of its economic recommendations unintentionally discourage the institutional conditions that have historically promoted sustained economic growth. Several socialist ideas that the church all too often promotes limit the capacity of poor people to innovate, raise their productivity, and hence their earnings from labor. Clergy see economic mobility

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as an unachievable goal under capitalism and instead rely on donations, faith, and temporary aid. This creates a collective dependency rather than promoting entrepreneurship and sustainable initiatives that foster long-term economic development. This present paper will examine how the church can adopt libertarianism, private property rights, and economic freedom to alleviate poverty.[1] This will achieve higher social and economic development in countries with a strong religious influence.

It is important to mention that we do not at all oppose the church or the church's help. We simply do not support the economic policies it currently recommends.

The Catholic Church has made important contributions through education, hospitals, disaster relief, charitable organizations, and humanitarian assistance. These contributions are not questioned here. Rather, this paper focuses specifically on the economic principles that guide many contemporary recommendations concerning poverty reduction.

Catholic social teaching has long maintained that concern for the poor is a central moral responsibility. While recognizing the legitimacy of private property, it also emphasizes solidarity, the common good, and the preferential option for the poor. The *Compendium of the Social Doctrine of the Church* states that "*the principle of the universal destination of goods requires that the poor, the marginalized and in all cases those whose living conditions interfere with their* proper growth should be the focus of particular concern" (Pontifical Council for Justice and Peace, 2004, para. 182). Likewise, Centesimus Annus emphasizes that the Church's social doctrine "constitutes a category of its own" rather than a simple endorsement of either capitalism or socialism (John Paul II, 1991, para. 43).

Beyond Catholic social teaching, many scholars argue that religious institutions contribute positively to development through education, healthcare, charitable assistance, and the creation of social capital. Coleman (1988) argues that social capital facilitates coordinated action and improves individual outcomes, while Putnam (2000) contends that social networks foster trust and civic cooperation. These contributions are substantial and are not disputed in this paper. Rather, the present paper argues that, from a libertarian perspective, the economic principles reflected in parts of contemporary Catholic social teaching deserve separate evaluation because long-term poverty reduction depends not only on charitable assistance but also on incentives, entrepreneurship, secure property rights, and economic freedom.

Likewise, scholars in institutional economics argue that long-term development depends on strong institutions. North (1990) explains that institutions shape economic incentives, while Acemoglu and Robinson (2012) argue that inclusive institutions are essential for prosperity. From this perspective, the economic ideas promoted by influential institutions such as the Catholic Church may also affect long-term development.

The church, just like many other institutions that have views on political economy, offers policies as to how best to reduce poverty worldwide. However, people underestimate how powerful the ideas created and transmitted by the church are, and how they are embedded in society and our behavior.[2] The church connects with all social classes but in different ways. With the upper class, the main message is "Be thankful for what you have received, and now it is time to help others," and this is completely fine; all Catholics should thank God for what we have; each of us will do it in our own way. Asking for donations is also completely fine according to Libertarianism as long as they are voluntary.

On the other hand, the message for the lower class is usually "Be grateful for what you have, and God will provide for you" at least in Latin American countries. This message of hope is helpful for people, but it is also creating a sense of

[1] Such an economic regime will of course improve the lot of all persons, not just the poor. However, we are most concerned with the latter, given the precariousness of their position. If the rich lose out, they become middle class. If the latter become immiserated, they arrive at poverty. However, if the already poor are made worse off, as the doctrines of the church imply, then their situation if the direst of all.

[2] Every Sunday, in almost every Catholic church, is the message beamed forth. Usually, some form of socialism or other is inculcated into the parishioners. Week after week, this is likely to have at least some effect.

dependency. This message of "hope" needs to shift from God will provide to something that involves acting out of their current state as well. This message creates a ceiling for poor people and discourages them from climbing the economic ladder. Since the church is so powerful, why don't we change the message towards "be grateful for what you have, but work harder"? It does not have to be this literal, but it will motivate them to keep trying and even innovating rather than remaining in their usual comfort mindset of waiting for external help.[3]

It is imperative to acknowledge how harmful a socialist approach is to fight poverty. If the church adopted a capitalist and free-market approach, it would maximize human flourishing.

Why is the clergymen's role in society so important? It is because they set moral values in society regarding human relationships. So, the ideas, beliefs, and actions they transmit have a significant impact on our development. The church's wealth and intellectual and moral power is massive, it transcends languages, countries and socio-economic classes. In poor countries, there are towns without schools, and other basic resources, but they have a church. For this reason, it is so important that priests use their voice to help poor people leave their current state looking for a better one, rather than accepting their all too usual destiny. The church unites, but it can also be divisive, promoting class resentment.

The Church in the modern world is controversial, and it has long been undermining liberal ideas. However, there are still a significant number of people who align with it. This is especially true in Latin America, where most of the countries have not been able to prosper as well as European countries or the United States.[4]

The Church has a history of ongoing renewal, and it is good that they have attempted to understand how to solve economic issues. However, often the answer in most texts is typically via donations, charity, along with government help based on taxing the rich. This is exactly how a socialist government will do it, and history has proven that this strategy distorts natural market incentives while artificially modifying prices. One example is Haiti, where the foreign aid consisting of rice destroyed local natural production. Overflowing the market with "free" or heavily subsidized rice destroyed consumers' incentives to buy national rice caused unemployment and poverty. (Poverty, Inc., 2014)

All is not lost in this regard. There are priests who have studied other ways to approach this global issue. For example, there is Father Di Martino, a Catholic priest who actively connects libertarian ideas with Catholic teaching. He understands why donations and charity are only band-aid solutions for such deep problems. (Di Martino, 2023)

One country that shows these patterns clearly is Brazil, where Liberation Theology became very influential among priests working in favelas and rural areas (Mainwaring, 1986). Their intention was to defend the poor, but the message often focused on class struggle, redistribution, and state action instead of personal responsibility, savings, and entrepreneurship (Berryman, 1987). Many homilies emphasized injustice and exploitation more than effort and productivity, which shifted people's attention away from skill development and long-term planning (Cleary, 2013). As a result, poor communities were encouraged to wait for political change or government programs rather than look for ways to improve their own skills or create small businesses (Smith, 1991). The Church had a strong presence in these neighborhoods, yet poverty rates remained high and upward mobility remained limited (Della Cava & Montero, 1990). Only when Brazil transitioned toward more market-oriented reforms did poverty begin to decline, which shows how essential incentives and institutions are for real economic development (Mainwaring, 1986). Highlighting that the Church was very present in these neighborhoods, yet poverty rates remained high and social mobility was limited. It was only when Brazil started to adopt more market-oriented reforms, control inflation, and open its economy that poverty began to fall in a sustained way. This difference implies that a strong religious presence and good intentions are insufficient on their own. Even genuine efforts to assist people in need may end in keeping them where they are in the absence of incentives, private property rights, and

[3] Dependency is not the usual path toward prosperity.

[4] As a general rule, Protestant countries have less poverty than Catholic ones. Gitmez (n.d.).

a favorable attitude toward enterprise. Because centralized actors lack access to the dispersed, local knowledge is required for effective economic coordination (Hayek, 1945).

The church is the only institution that can spread its message even to the most remote places on earth. The Catholic Church has a strong presence in rural and distant towns where no other institution reaches, which gives it a unique moral influence on how people understand work, responsibility, and economic life. Encyclicals such as Rerum Novarum and Centesimus Annus give us an idea of the Church's standpoint on these matters.

In Rerum Novarum, the Church criticizes non-egalitarian income distribution by pointing to the enormous fortunes of a few and the poverty of the masses. However, this argument should be rejected because inequality itself is not the main problem. Poverty is the issue, and reducing it requires strong incentives and the protection of private property.

The encyclical emphasizes that real progress comes from education and private ownership instruments that enable upward mobility. But it also promotes subsidiarity by saying that decisions should be made locally. Subsidies alter this process by increasing dependency and decreasing the incentive to invest in long-term improvements or skill development. Relying on subsidies causes people to change how they behave to receive assistance rather than strive for independence. This keeps communities stuck in the same situation and keeps them from taking advantage of the benefits that strong institutions and education may provide.

On the other hand, Centesimus Annus expands on these ideas by emphasizing that capital should be allocated according to efficiency, not political goals. It also notes that labor is not a commodity and that wages should arise naturally through supply and demand. You cannot ask for twenty-five dollars per hour if you produce five dollars per hour. Income inequality is not the cause of crime, and respecting private property rights prevents more harm than making exceptions. There is also no such thing as a "just" or "fair" price, because prices should come from voluntary exchange, not from moral or political judgments. These teachings show that the Church already contains ideas that align with economic freedom, and they can guide a more productive message for poor communities, highlighting the importance of this paper.

In most of Latin America, the Catholic Church promotes "band-aid" solutions such as donations of "free meals". Instead, the focus should be on education, reinforcing the ideas of families and values in a way to motivate them to climb the social ladder. The Jesuits worldwide have four goals that guide their work: showing their way to God, walking with the excluded, journeying with youth, and caring for our common home. These goals were established through a global Jesuit discernment approved by Pope Francis.

These goals are meaningful, but they require a long-term vision to produce real change in education, and strong family bonds matter more than short-term solutions. Shaping how young people understand responsibility and opportunity. Parents are the primary figures in knowledge transfer, and their influence significantly determines how children develop skills and confidence. When countries face high abandonment rates or unstable family structures, skill development becomes limited, and the cycle of poverty continues. Strengthening these foundations is essential; therefore, if the Jesuits truly want to help communities, they should promote motivation to rise rather than focus their attention on depending on temporary aid.

From a libertarian perspective, socialist economic policies tend to weaken incentives for investment, innovation, and productivity, which is why it is worse than capitalism and why economic equality should be rejected as a development strategy. Many scholars argue that market-oriented institutions have contributed substantially to the historical reduction of global poverty. Capitalism, the Industrial Revolution, innovation, and entrepreneurship have lifted more people out of poverty than any redistribution program, particularly in societies with limited government and strong economic freedom (Friedman, 1962). Respecting individual effort and property rights. Even the diminishing marginal utility curve is often misunderstood, since it is used to justify taking from the rich, but it does nothing to promote long-term growth or responsibility. Not acknowledging the fact that the rich and the poor might be on different diminishing margin curves.

On the other hand, the church tries to care for our common home through collective ownership. It has been proven that collective ownership leads to the tragedy of the commons, explaining why collective ownership often fails in practice. When resources are shared by everyone without clear ownership, individual responsibility diminishes, leading to overuse and neglect. Unless strong, clearly defined local institutions and rules emerge to govern those resources. (Ostrom, 1990).

Despite the claim that “God made Earth for all humans to share resources.” When everyone owns something, no one takes care of it, which is why buffalo were nearly wiped out while cows survived under private ownership. (Block, 2025). Extreme necessity does not justify breaking property rights either, as illustrated by the example of stealing bread to feed a starving son. If everyone were excused for this act, the baker would close, and the entire community would starve, showing that property rights save more lives in the long run than allowing exceptions. The appropriate response should be repayment or restoration, not the abandonment of rules. For these reasons, a more libertarian approach for the Catholic Church benefits economic development.

We argue that socialism fails because it removes the incentive to earn more, which is essential for productivity and growth. Gary Becker’s idea of economic imperialism shows that people make decisions based on costs and benefits in every part of life, so removing incentives reduces effort everywhere. A free market works better because it rewards innovation, hard work, and voluntary exchange. Private property rights also matter, since people take care of what they own and invest more when their belongings are protected. Limited government control creates space for individuals to succeed without constant intervention. This approach allows people to help the poor through voluntary action instead of central planning, which often creates dependence rather than opportunity. Countries with more economic freedom are usually the most successful, and many of them keep the state clearly separated from religion. In oppressed countries where religion and politics blend too closely, economic and social progress is often slower. If the Catholic Church promotes ideas that support responsibility and liberty, it can help people resist harmful regimes and move toward prosperity.

This is why the most libertarian encyclical is Centesimus Annus, since it recognizes the importance of markets, property rights, and human initiative. These principles help explain why libertarian ideas align with a more long-lasting approach to development and with many values the Church already supports. When people are free to act, to work, and to innovate, they build stronger families and communities, which the Church wants to protect. We also see this connection through voting with feet and migration patterns. People tend to leave countries with fewer opportunities and move to places with clear property rights, limited government, and a stronger division between church and state. The way capital owners enrich the working class by increasing productivity and creating jobs, not by taking from others, should be a positive idea, not a negative one. The vicious circle of poverty, seen in examples like the United Kingdom during the Industrial Revolution, shows that low productivity traps workers in low wages until they shift into higher skill activities.

Economics and Christianity are very different fields, but both guide human behavior. Economics studies the causes and effects that drive consumers and markets. Christianity focuses on morality and purpose, not on scientific measurement. Bangladesh is an example of how laws alone do not create prosperity, since workers are not productive. (Thom Woods, 2025) Purchasing power increases with capital accumulation, and natural wage increases come from higher productivity. This means workers must shift from low skill jobs into high-skill jobs to raise living standards. And the Church should focus on helping families prosper and promoting morality by strengthening relationships that support learning and work.

Foreign aid is not negative, but the system often creates dependency because poor countries receive large amounts of capital without a sustainable plan for development. Without a sustainable plan for development, foreign aid often ends up distorting incentives and weakening local institutions (Easterly, 2006). The aid gets misused, and the country later asks for more, creating a loop that blocks real progress. This encourages us to think about a new economic model for foreign aid allocation. As Ludwig von Mises said, money must emerge, not be injected. Additionally, Thomas Woods notes that although the Church frequently discusses private imperfections, it rarely addresses the institutional obstacles that prevent people from accessing housing, education, and genuine economic opportunity. All of which are the fundamental foundations for growth.

From a libertarian perspective, greater emphasis on economic freedom, entrepreneurship, secure property rights, and individual responsibility would better complement the Church's humanitarian mission. Future research could empirically evaluate these propositions across countries and religious traditions. To make this transition smoother and realistic, the Church must focus on ideas that support long-term development rather than short-term relief. Some groups, like Jewish communities, have historically embraced free enterprise more consistently, which may explain how their capital has increased over time and why their communities often grow stronger economically. This contrast shows that religious values and economic freedom can work together. Liberation Theology, in many cases, moved in the opposite direction by promoting dependency instead of initiative, but it can be reframed to support free enterprise and personal responsibility. In countries where government and institutions are weak, the Church has a unique role in guiding people toward productive choices and encouraging the habits that create prosperity. The goal should always be to reduce inequality by enriching the poor, not by impoverishing the rich. A stronger focus on incentives, education, and family stability would allow communities to move forward with dignity. If the Church embraces this direction, it can become a powerful force for human flourishing and help break the cycles that keep many families in poverty.

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