

The Myth of Vatican Wealth

John L. Allen Jr.



Over the centuries, the Vatican has been a magnet for legends, myths, and conspiracy theories such as that of the infamous (and completely fictitious) Pope Joan.

In part this is because the odd dress, ritual, and language of the Holy See invite speculation, just like the Skull and Bones Society at Yale. It's also because the Roman Catholic Church tends to excite strong passions, among both supporters and detractors, and all sorts of wild allegations that would not be taken seriously if attached to other institutions.

It will be difficult, and in some cases impossible, for readers to let go of these myths, either because they feed their prejudices or because they're simply too much fun.

One can't always blame outside forces for the promotion of certain myths, though. Sometimes the Vatican leads with its chin, as it often has on its alleged "fantastic wealth." Consider the Vatican Bank scandals of the 1970s and 1980s, which combined shady business tactics with spectacular ineptitude on the part of key Vatican officials and their banker friends.⁽¹⁾

The affair fired the imaginations of journalists and filmmakers such as Francis Ford Coppola in his *Godfather III*. It solidified popular suspicions that Vatican officials spend as much time with spreadsheets as with prayer books and that the Vatican must be swimming in untold billions.

Of course, you don't need conspiracy theories to be dazzled by alleged Vatican wealth. The Vatican museums groan with some of the greatest artistic treasures known to

humanity, and at least some of the Vatican officials live and work in exquisite Baroque structures whose cash value defies reckoning.

Over the years, these riches have scandalized and disillusioned many Christians who fail to see the connection between playing international currency markets and following Jesus.⁽²⁾

Reality is more prosaic. To put it bluntly, the Vatican is not rich. It has an annual operating budget of \$260 million, which would not place it on any top 500 list of social institutions.⁽³⁾ To draw a comparison to the nonprofit sector, Harvard University has an annual operating budget of a little over \$1.3 billion, which means it could run the equivalent of five Vatican.⁽⁴⁾ This is to say nothing of the corporate world. Microsoft in 2002 spent \$4.7 billion on research and development alone and has annual sales of \$293 billion. On the scale of the world's mammoth enterprises, the Vatican doesn't rate.

But is the Vatican sitting on a pile of wealth—such as real estate or artwork—that doesn't show up in its annual budget? Michelangelo's Pieta statue, the Sistine Chapel, or Raphael's famous frescoes are all listed on the Vatican books at a value of 1 euro each. From the Vatican's point of view, they are part of the artistic heritage of the world and may never be sold or borrowed against.⁽⁵⁾

One could argue that the personnel of the Holy See profit because they live and work in the midst of all this gorgeous art, but that doesn't pay the rent or build up retirement savings. Moreover, only the lucky personnel at the Secretariat of State have offices with ceilings etched by Raphael. If you work in the Congregation for Worship, for example, you're stuck in an anonymous bureaucratic space that might as well be in the Pentagon or General Motors.

If the Vatican is sitting on a secret stash of cash, there is little evidence of it in the way of institutional functions. While there are a few Mercedes limousines to ferry VIPs to and fro, and some cardinals do have fairly nice apartments, most offices are sparsely furnished and rather low-tech, living quarters are plain, and salaries for most officials are surprisingly low by First World standards.

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The Wealth of the Catholic Church

Q. How do you answer those folks who say that the Catholic Church is wealthy and should sell its treasures to help the poor and homeless?⁽⁶⁾

A. First of all, the Catholic Church is not wealthy in the usual sense of the word. Yes, the Church does have a worldwide network of churches, schools, convents, monasteries, hospitals, orphanages, and homes for the aged, the troubled, and the dying. But these physical structures are not used to make anyone rich; they are used to bring the teachings and love of God to the people of every nation. It costs a huge amount of money to maintain these buildings and operate the agencies and programs they house, and the universal Church, which exists to save souls, not to make a profit, runs a large deficit every year.⁽⁷⁾

Second, while the Catholic Church does own many valuable books, works of art, and historical treasures, it serves only as a depository for them. It was the Church that saved these masterpieces from barbarian invaders centuries ago, and it is the Church that preserves them today for all to enjoy.

Third, even if the Church did sell all these priceless artifacts and gave the money to the poor, the proceeds would provide hardly more than a day's food to the millions of hungry people around the world. They would be hungry again the next day, but the marvelous treasures of our civilization would be in the hands of private individuals and no longer available to the public.

Fourth, we must bear in mind that no one has done more for the needy of the world than the Church, thanks to the tremendous generosity of millions of faithful Catholics. The Church does not have to apologize to anyone for failing to assist the least of our brothers and sisters.⁽⁸⁾

Finally, did you ever wonder why those who want the Catholic Church to sell its treasures never make the same demand of governments or museums?⁽⁹⁾ Is it possible, as Bishop Fulton Sheen once suggested, that some of these critics don't really care about the poor, but attack the Church because they don't like its teachings against abortion, contraception, divorce, homosexual behavior, or some other issue?

Excerpt from *Catholic Replies* by James J. Drummey (C.R. Publications, 1995).

ADDITIONAL NOTES

(not by previous authors)

(1) The Vatican Bank is officially known as the Institute of Religious Works (*Istituto per le Opere di Religione* or IOR). It was founded in 1942 and carries out fiscal operations and invests and transfers the funds of the Vatican and of Roman Catholic religious communities throughout the world. It has an ATM with instructions in Latin, possibly the only such ATM in the world. Unlike in banking for profit, any IOR surplus is used for religious and charitable purposes. It has no branch offices and little more than a dozen employees. From 1971 to 1989 its director was American-born Archbishop Paul Marcinkus (1922-2006). Marcinkus had worked in the Vatican since 1953 but had no financial experience before this appointment. Over the course of his directorship the Institute was implicated in a couple of major banking scandals – with the “Vatican Connection” exciting a great deal of speculation.

In 1973 American federal agents visited Archbishop Marcinkus to question him about a letter ostensibly from a cardinal in the Roman Curia requesting delivery to the Vatican Bank of \$14.5 million worth of forged US securities as a test deposit. However both the letterhead and signature proved to be amateurish forgeries. The scheme was set up by Austrian con man Leopold Ledl. His associates included New York mobster Vincent Rizzo. No Vatican official was ever implicated.

The first real scandal involved Michele Sindona, a Sicilian attorney and banker with underworld connections. He was convicted of fraud in the 1974 failure of the Franklin National Bank in Long Island. Sindona was likely involved in money-laundering. He had political connections in Italy with the Christian Democratic Party and was said to be on friendly terms with Pope Paul VI, advising the Vatican about handling its assets and investments. With the collapse of Sindona's financial empire the Vatican reportedly lost tens of millions of dollars and had its reputation tarnished by the association. Sindona died in 1986 from cyanide poisoning while serving a life sentence in prison. Questions naturally arose as to Archbishop Marcinkus' knowledge and involvement in Sindona's schemes. In a 1982 interview from his prison cell Sindona told a *Newsweek* reporter that “Marcinkus was honest. He does not have the financial background to be a wheeler-dealer.”

Another scandal erupted in 1982 with the collapse of Italy's second largest private bank, Banco Ambrosiano. The IOR had a reported 1.5% shareholding. Earlier that year it was discovered that the Milan-based bank could not account for almost \$1.3 billion in loans. The bank's chairman, Robert Calvi, fled the country and was found just over a week later hanging by the neck under a London bridge. While the cause of death was initially listed as suicide in 2005 five persons with underworld connections were tried for his murder in Italy but acquitted. Calvi had negotiated loans from Banco Ambrosiano and 120 foreign banks to ten shell companies in Panama. The shell companies were nominally controlled by the Vatican Bank but whether the IOR really owned them remains a mystery. What is certain is that Calvi ran them. With regulators closing in Calvi asked the Vatican Bank to help him supply proof that it backed the Panamanian companies. Archbishop Marcinkus later claimed this was when he first got wind of the loans. Marcinkus decided to give Calvi a year to resolve the mess and wrote “letters of patronage” stating that, directly or indirectly, the IOR controlled the ten companies. In return Calvi furnished a letter acknowledging that Banco Ambrosiano, not the Vatican Bank, owed the \$1.3 billion. In 1982 the Italian courts indicted Archbishop Marcinkus and two IOR subordinates as “accessories to fraudulent bankruptcy” but later nullified the arrest warrants on the grounds that Italy had no jurisdiction on Vatican soil. Seizing on the letters of patronage the creditor banks demanded that the IOR reimburse them and threatened to drag the Vatican to court. In 1984 the Vatican agreed to pay \$244 million to the creditors of the failed bank as “recognition of moral involvement” but

without accepting liability. Since 1990 the IOR has been directed by a lay supervisory council and by an oversight commission of cardinals. Unfortunately recently new allegations of financial mismanagement and corruption have emerged. This is a universal and perennial concern wherever human beings are involved with money.

(2) Critics commonly contrast the splendour of Catholic art and architecture with the poverty and simplicity of Jesus Christ (Lk 9:58) and cite Christ's admonition to the rich young man: "Go and sell everything you own and give the money to the poor!" (Lk 18:22). Yet when Mary took a pound of costly perfume and anointed Christ's feet with it Judas' grumbled, "We could get 300 denari for that perfume and give it to the poor" (Jn 12:5). Jesus corrected him saying, "The poor you will always have with you, but you will not always have Me" (Jn 12:3-8). Christ also commended the poor widow who contributed to the Temple's upkeep (Lk 21:2). Our Lord was not against the use of wealth and beautiful things to give glory to God. And an ornate church is a House of God, not a home for clergy, open to rich and poor alike. For the poor it may be the one place to which they can go to find refuge from their wretched environment and be lifted up by their surroundings into a sense of the beauty and majesty, reality and presence of God.

This tradition of splendour in church architecture and furnishings dates back to Old Testament times, when God commanded the Jews to build a magnificent Temple in Jerusalem (2 Sam 7:13; 1 Kgs 6-7). They used precious metals and other costly materials in the construction of the Ark of the Covenant, the Temple, and the furniture in the Temple. These materials included large quantities of gold, silver, bronze, fine linens, and acacia wood (see Ex. 25-31; 37-38). According to 1 Chronicles 22:14, David bequeathed to Solomon an accumulated wealth of 100,000 talents of gold and 1,000,000 talents of silver as financial resources towards the construction of the Temple. Since a talent was about 34 kilograms, taken literally, this would be 3.4 million kg of gold – or about 120 million ounces, which nearly as much as is currently in the United States depository in Fort Knox (147.2 million ounces)!

The Catholic Church has always used precious metals and other valuable materials in the construction of sacred vessels because they hold something infinitely more valuable than the original Temple and its contents – they hold the very Body and Blood, Soul and Divinity of Jesus Christ. By giving our best to God we show our reverence and devotion to Him and remind ourselves that everything we have is a gift from Him. The good things of this world are meant to give glory to God and to help us in striving after His kingdom (cf. Mt. 6:33).

In the Second Vatican Council's Constitution on the Sacred Liturgy we read: "Very rightly the fine arts, by their very nature, are oriented toward the infinite beauty of God which they attempt in some way to portray by the work of human hands; they achieve their purpose of redounding to God's praise and glory in proportion as they are directed the more exclusively to the single aim of turning men's minds devoutly toward God."

One can give glory to God by embracing evangelical poverty (the counsel our Lord gave to the rich young man that members of religious orders seek to follow) or by helping the less fortunate; but one can also give glory to God by using one's talents to produce beautiful works of art or using other means to help raise the cultural level of society. The Catholic Church does all these things and more. Its patronage of the arts and sciences was instrumental in the development of Western civilization. As historian Paul Legutko of Stanford University notes the Catholic Church is "at the center of the development of the values, ideas, science, laws, and institutions which constitute what we call Western civilization."

The Pope does not regard the Vatican as his personal property (no more than the American President considers the White House his personal property) to dispose with as he sees fit. And while the buildings and estimated 18,000 artistic treasures in the Holy See attract many tourists they also represent considerable expense, as they need to be protected, cleaned, repaired and

restored. As anyone with an old house realizes, they can be money pits! Such maintenance can exceed the Holy Sees' limited budget. In order to finance the restoration of the frescoes in the Sistine Chapel (1980-1989), for example, the Vatican issued a call for public sponsorship. Nippon Television Network Corporation stepped forward with a deal. In return for a \$4.2 million grant the Japanese company would receive exclusive photographic and filming rights over the artwork.

Faultfinders often complain that the Pope lives in palatial surroundings. But his residence was built centuries ago, during the Baroque period, and is not likely to be demolished to make space for a comfortable little bungalow! The series of buildings collectively called the Apostolic or Papal Palace house support and administrative offices as well as the Pope's residence. His apartment occupies just ten rooms. The layout includes a vestibule, a library, a small studio for the papal secretary, and the pope's private studio, from which he blesses the crowd every Sunday. The other rooms include the pope's bedroom, a medical studio, his private chapel, a small living room, a dining room and kitchen. Nor are his accommodations evidence that he lives luxuriously. Many modern popes lived simply and worked hard. Pope Pius IX maintained a frugal, almost monastic lifestyle. When Pope Pius X died in 1914 he left a request that the Holy See grant a small monthly allowance to his two sisters – since he had nothing of his own to leave to them. Pope John Paul II worked 18-20 hour days until his health no longer permitted it.

Finally, as technology and investment consultant Dr. Jean-Francois Orsini once noted: "It is very materialistic to believe that the Church is mostly a social aid agency. Of course it must try and alleviate much human suffering. But to believe that is her primary goal is wrong. [A] passage of the Bible states 'the poor have received the good news' [*sic*, Lk 7:22; see also Mt 4:4] That is supposed to be the best thing that the poor could get: the Gospel, not bread and shelter. Because that is the best thing for all human beings.... All programs to alleviate human misery should be subordinated to Job #1."

(3) The Holy See is the smallest sovereign state in the world (108.7 acres; 44 hectares). It is supported financially by a variety of sources, including investments (originally made with a portion of the 750 million lira compensation given by the Italian government, under the terms of the 1929 Lateran Treaty, for the confiscation of papal lands in 1871), real estate income, and donations from Catholic individuals, dioceses, and institutions; these help fund the Roman Curia (Vatican bureaucracy), diplomatic missions, and media outlets. Moreover, an annual collection taken up in dioceses throughout the world and direct donations go to a non-budgetary fund known as Peter's Pence, which is used directly by the Pope for support of the Holy See, but also for charity, disaster relief, aid to churches in developing nations. The separate Vatican City State budget includes the Vatican museums and post office and is supported financially by the sale of stamps, coins, medals, and tourist mementos; by fees for admission to museums; and by publications sales. The Vatican employs about 3,000 people, over half of whom are lay people. The incomes and living standards of lay workers are comparable to those of counterparts who work in the city of Rome. It also pays pensions to more than 900 retirees.

The Holy Sees' finances are so tight that in 1978, the year of the three popes, the Vatican had to borrow money from Italian bankers to pay for the second papal funeral and the second conclave. In 1991 the Vatican's operating deficit was \$86 million, the 23rd consecutive year of reported deficit spending and the highest to date. That year Pope John Paul II convoked a meeting of the presidents of the bishops' conferences worldwide to promote the code of Church law (Canon 1271) that directed dioceses around the world to help the Holy See meet its expenses. It also sought assistance in streamlining its operations. This resulted in Vatican financial statements being in the black from 1993 to 2000. However, with the weakening of the American dollar the Vatican has been in deficit spending again since 2000. (Many of its contributions come

from individuals and dioceses in the United States. Its stock dividends also pay in American funds). In 2009 it listed a deficit of some \$9.8 million but by 2010 had reversed this to a \$28 million surplus.

A cover story in *Business Week* addressing the financial state of the Catholic Church in America, but also mentioning the Vatican, stated that their situation “is largely hand-to-mouth and doesn't include large cash reserves” (William Symonds, “The Economic Strain on the Church,” April 15, 2002).

(4) On another occasion John Allen expanded upon this point: “The Holy See's budget would qualify it as a mid-sized American Catholic college. It's bigger than Loyola-Marymount in Los Angeles (annual budget of \$150 million) or Saint Louis University (\$174 million), but substantially less than the University of Notre Dame (\$500 million).

“The total patrimony of the Holy See, meaning its property holdings (including some 30 buildings and 1,700 apartments in Rome), its investments, its stock portfolios and capital funds, and whatever it has storied up in a piggy bank for a rainy day, comes to roughly \$770 million. This is substantial, but once again one has to apply a sense of scale. What the Holy See calls ‘patrimony’ is roughly what American universities mean by an ‘endowment’ – in other words, funds and other assets designed to support the institution if operating funds fall short. The University of Notre Dame has an endowment of \$3.5 billion, meaning a total 4.5 times as great as the Vatican's” (“Top Five Vatican Myths,” “Gathering Points” Lecture Series, Marquette University, April 14, 2004).

(5) In 1984, the Vatican was added by UNESCO to the List of World Heritage Sites; it is the only one to consist of an entire state. Furthermore, it is the only site to date registered with UNESCO as a *centre containing monuments* in the “International Register of Cultural Property under Special Protection” according to the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict.

(6) This is a well-worn criticism. A recent noteworthy re-presentation of it was by Alberto Jueas Escudero of Spain. In early 2009 he obtained 40,000 signatures on a petition circulated through Facebook calling on the Vatican to exchange its treasures for food for Africa. The youth wrote “it is a shameful to see the Vatican's riches and then watch the news.” He explained that what motivated him to issue this invitation was that he believes the Vatican “does not admit its errors. [...] It does not preach by example. Jesus was born in a cave and lived in poverty.” Escudero concluded: “The Vatican is a disgrace! The Catholic religion is a disgrace!”

(7) For those who speak of the Church's property wealth one must remember it is largely in the hands of individual parishes, diocese or religious orders. Each administrative unit of a religious order and each diocese is an independent corporation with assets that the papacy cannot touch. Besides, one can be property rich but cash poor. By way of analogy, a farm may be located on a valuable piece of real estate but to a farmer who wishes to continue farming the worth is intangible as the family homestead. For the farmer its financial solvency is determined by the market price of his next harvest. The same is true of the Church. Her properties are the patrimony of the faithful. They are used to serve her religious and charitable purposes. A church building may be sitting on prime real estate but to the parishioners its value is intangible as their historical house of worship. Their concern is in maintaining not selling it, thus making Sunday contributions their chief measure of its solvency.

This was demonstrated when North American urban centers declined in the 1970s and 1980s. Catholic communities did not try to sell off inner city church properties before they became

devalued. Rather, parishes in Detroit, Chicago, and elsewhere were kept open as long as possible. By the time the local dioceses decided to close and sell them, the property value of the churches had significantly decreased.

(8) The Catholic Church operates the largest non-governmental educational and welfare system in the world. According to the *Church's Book of Statistics* at year's end 2009 the Catholic Church operated worldwide 68,119 kindergartens, 92,971 primary schools, and 42,495 secondary schools. The Church also ran 5,558 hospitals, 17,763 dispensaries, 561 leprosy centres, 16,073 homes for the aged, chronically ill or disabled, 9,956 orphanages, 12,387 nurseries, 13,736 marriage counseling centres, 36,933 education or social rehabilitation centers, and 12,050 other kinds of charitable institutions. Assistance is given to Catholics and non-Catholics alike. For example, although only about 1.6% of India's population is Catholic some 20% of the hospitals are under the auspices of the Church. The United States Conference of Catholic Bishops settles between one-fourth and one third of all refugees into the United States

(9) Comedian Sarah Silverman (b. 1970) used the idea "Sell the Vatican, Feed the World" in a sketch aired on HBO's *Real Time With Bill Maher* in October 2009. Tossing out a figure of \$500 billion as the worth of the Vatican's buildings, grounds, and artistic holdings, she suggested the Pope "take a huge chunk of that money and build a gorgeous condominium for you and all your friends to live in...and with the money left over feed the whole f---ing world!" As this is a relatively common reproach, let us play along with it. According to the World Bank approximately 1.29 billion people in developing countries lived on less than \$1.25 a day in 2008. We'll exclude the rest of the world's population and concentrate on this poorest group. Forgoing the ecclesiastical condominiums and dispersing the entire \$500 billion from the sale of the Vatican equally amongst them would raise their per capita "income" to less than \$2.31 a day for one year. Hardly a permanent solution to the problem of world hunger. But then the point of such demands is not to solve world hunger but to attack the Catholic Church.

One critic angrily retorted: "Why stop at the Vatican? Why shouldn't the Jews of the world sell the Temple on the Mount [*sic*]; the Muslims sell Mecca; the Buddhists sell Lhasa; the citizens of the U.S. sell the White House and the Capitol, [and Smithsonian Institution]...; the Anglicans sell Westminster Abbey and St. Paul's; and all who profess to want to eliminate hunger in the world – including elite Hollywood celebrities with multi-million dollar mansions – sell all that they own? It is easy to expect another to sacrifice what you wouldn't sacrifice yourself" (Posted online comment to David Water's "Sell the Vatican, feed the world," *The Washington Post*, Oct. 16, 2009).