

# The Vatican Billions

## Origin of the Current Colossal Wealth of the Catholic Church

The following is an excerpt from chapter 26 of "The Vatican Billions" by Avro Manhattan.

The current spectacular accumulation of wealth by the Catholic Church is a comparatively recent phenomenon. It really was initiated when the See of Peter was deprived of the Papal States by the Italians in 1870. These states included Rome itself and comprised almost one third of the Italian peninsula.

It was then that she began the accumulation of riches according to the success formula of the modern industrial and financial world. The main foundation stones however, were laid by Pope Benedict XV (1914-22) during and after the First World War (1914-18).

He originated today's Vatican policy that church and papal investments should not be limited by political or religious considerations, but instead should be handled purely on the basis of sound, good, concrete and profitable business.

The Vatican at that time had not the liquid resources which it received a decade later from Fascist Italy, but it had sufficient millions to invest in the world markets. Benedict XV, to prove that he meant business when he promulgated the new policy, promptly invested most of the Vatican's money.

Where? Shades of the crusading pontiffs! In Turkish Empire Securities! It was the beginning of a road which was to bring the Catholic Church into the ranks of the top

billionaire corporations of the twentieth century.

By 1929, the time of the Lateran Treaty, the Vatican's State treasure had become an official fund. In that same year Mussolini turned over 1,750 million lire (the equivalent at that time of 100 million dollars) to the Vatican as a final settlement of the Roman question.

Pope Pius XI, no less a good businessman than Benedict, invested most of this vast sum in America immediately after the market collapse. The move was a profitable one, for, following the great depression of the thirties, the Church reaped colossal profits when the U.S. economy recovered.

But, while investing largely in the U.S., the Vatican was sufficiently astute to invest a good portion of the Lateran compensation in Italy itself. The results, by any standards, have been staggering. It is estimated that the Holy See presently owns between 10 and 15 per cent of all the stocks and shares registered on the Italian Stock Exchange.

The matter-of-fact British periodical, 'The Economist' put it: "It could theoretically throw the Italian economy into confusion if it decided to unload all its shares suddenly and dump them on the market."

This was confirmed a few years later by the Italian finance minister when, in February 1968, he declared that the Vatican owned shares worth approximately 100 billion lire.

The wealth of the Church, besides becoming an increasing moral embarrassment, had also become a financial dilemma. The Church found herself top-heavy with wealth, not only because of the laborious collection of money derived from thousands of religious, ecclesiastic and lay organizations, but equally because of the skill of top financial brains which, since the Second World War had invested the Vatican's billions in most parts of the world with dexterity second to none. Their skill, with the help of the global intelligence at their disposal, had truly turned the Vatican millions into billions.

### Special Investment Office Created

The accumulation of such colossal riches made the haphazard methods of the past obsolete, indeed, dangerous. The pope was compelled to set up a special Prefecture for Economic Affairs.

The Prefecture, directed mostly by American, French, German and other brains, has to operate mainly outside Italy, since the investments were spread over a global field. The celebrated Jewish house of the Rothschilds - who, incidentally had been lending money to the Vatican since 1831 - came once more to the fore with the buying, selling and amalgamating of millions of shares and other investments on behalf of the Vatican.

Vatican financial operations can trespass into semi-illegality at times

because of their diversity and secrecy. Scandal erupted in the eighties to the astonishment of millions of Catholics and the chagrin of many who genuinely thought the Vatican was engaged only in charitable operations.

By and large, however, its investments are well looked after by those financial experts whose experience is second to none! The Vatican's traditional financial dealers are a mostly non-Catholic fraternity of Protestants, agnostics, non-Christians, Jews and even atheists.

Its traditional financial transactions have been handled for years by the great banking concerns of J. P. Morgan in New York (mostly for American investments), Hambros of London for British investments, and the Swiss Credit Bank of Zurich for European investments - without mentioning the Vatican's own concerns such as Banco di Roma, Banco Commerciale, Banco Santo Spirito.

Now, it must never be forgotten that all the above form only the "liquid" financial assets of the Holy See. We have entirely excluded the solid properties, real estate, land, industrial and commercial concerns owned and controlled by the Catholic Church in Italy, Spain, Germany, Great Britain, and North, Central and South America. To estimate the actual current values of the Churches tremendous possessions and real estate properties is an impossibility.

It must be remembered that the Vatican - or rather, the Catholic Church - owns thousands upon thousands of churches, cathedrals, monasteries, nunneries and sundry edifices throughout the Western world.

What is the value of the land upon which all these buildings stand, in current money?

What is the value of the actual buildings themselves? If one should give modest prices for the humble parish churches and parish halls, what prices would an estate agent give, for instance, for St. Patrick's Cathedral in New York, Notre Dame in Paris, and St. Peter's in Rome, to mention only a few?

The claim that such property is not owned by the Catholic Church is like saying that a Communist dictatorship does not own anything because all the property is owned by the people.

When the Catholic Church sells a piece of land or buys one, the bishop as a rule signs the deed, which means his See becomes the owner or receives the money. Whether the transaction is localised to the diocese, or deputed from the national hierarchy or from the Vatican, is basically irrelevant since ultimately it concerns the property of the Catholic Church.

#### **Government Collected Millions for Vatican**

In some countries, not only does the Church evade taxation, but the state itself collects taxation on her behalf. This absurdity has been one of the most extraordinary peculiarities of Germany, which "compels" German citizens to pay a "Kirchensteuer" (Church Tax).

It was first inspired by the Weimar Constitution of 1919, and confirmed by the pact between Hitler and the Vatican in their concordat of 1933. The Kirchensteuer was made constitutional in 1949, after the Second World War.

The Catholic government - that is the Christian Democrats - not only enforced the church taxation upon an unwilling populace, it put the state machinery at the disposal of the church. Thus the Government collected the tax, enforced its

payment, and then handed over the money thus collected to the Church.

Before the Second World War, the German citizens used to pay an average of two or three marks a year. By 1972, the figure rose to between fifty-five and sixty marks.

In Germany, therefore, the Vatican, besides enjoying outstanding financial benefits from its skilful penetration of the giant industrial concerns (as it did in Italy and in the United States), had its coffers replenished with additional millions from the Kirchensteuer, to the tune of some 350 million dollars a year. The scheme being the result of the political Catholicism which dominated the life of post-war Germany for so long.

#### **World's Biggest Stock Broker**

The Catholic Church, therefore, once all her assets have been put together, is the most formidable stockbroker in the world. The 'Wall Street Journal' said that the Vatican's financial deals in the U.S. alone were so big that very often it sold or bought gold in lots of a million or more dollars at one time.

Therefore, the Vatican was, and still is, the most redoubtable wealth accumulator and property owner in existence. No one knows for certain how much the Catholic Church was, or is worth in terms of dollars and other currencies, not even the pope himself.

That is the true situation borne out by a Vatican official who, when asked to make a guess at the Vatican's wealth today, replied very tellingly, "Only God knows."

by Avro Manhattan

Source: 'Battle Cry', September/October 1986

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