Faith, power, money and death

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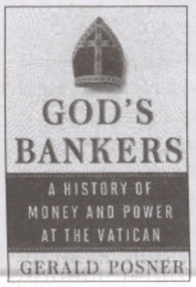
REUTERS/ALESSANDRO BIANCHI

Pope Francis delivers the "Urbi et Orbi" message from the balcony overlooking St. Peter's Square at the Vatican April 5, 2015.

Italian banker Roberto Calvi's body is found hanging from Blackfriar's Bridge in London on June 18, 1982, bringing to an end another chapter in Italy's made-for-TV saga of financial crime as a way of life. His Banco Ambrosiano had failed. His entanglement with the Vatican cost the Vatican Bank $244 million to settle creditors claims.



God's Bankers: A History of Money and Power at the Vatican by Gerald Posner

Gerald Posner's "God's Bankers: A History of Money and Power at the Vatican" is a page-turner disguised as a treatise on the financial crimes and mismanagement of the Vatican over the years. True, it's a 700-page read, but 200 pages are Posner's 3,376 footnotes, so don't be discouraged.

Posner took seven years to put together his comprehensive study of money and the Vatican – from financing the first Crusade by Pope Urban II's sale of indulgences (earthly redemption for sins committed) through the Vatican's WWII alliances with Fascist Italy and Nazi Germany when it was financially expedient to be so aligned, on to the present day where, happily, Posner finds hope for its future. Goodness knows the Catholic Church could use good news and better PR.

The book is a remarkable tour of the many mechanisms by which the Church has gathered and spent billions of dollars of other people's money through the centuries. Sadly, it's also how bishops, archbishops and other church officials have become obscenely wealthy. The secrecy of the Vatican Bank together with the sovereignty of the Vatican City-State have combined to have the pull of a black hole for those whose criminal activities have been facilitated by that secrecy.

Vatican City State is a mere 110 acres in the heart of Rome. It became, and remains today, the smallest nation in the world. It was formed in 1929 when Benito Mussolini's Italy and the Vatican entered into the Lateran Pacts, granting it sovereignty, as part compensation for Italy's annexation of the Vatican's Papal states in the heart of the country.

Mussolini's Fascist Party and its ally Nazi Germany were tolerable to the Church because they opposed the atheistic communists. The two countries also provided financial support. For instance, the Nazis helped the church by collecting the *Kirchensteurer*, an 8 to 10 percent tax on Catholics living in Germany, which funded what, by anyone's standards, was an opulent lifestyle for the relatively few men who lived at the Vatican. In 1943 alone, The Third Reich collected today's equivalent of $1.7 billion for the Vatican. The Vatican would have operated more like a humble monastery without these collections.

Posner and other researchers have found good evidence the Pope knew what the Nazis were doing to the Jewish population. Nazi gold from the mouths of Jews is believed to have found its way into the vaults at the Vatican. A sadly notable event was Pope Pius XII seen crying when told of the Allied bombing of a Vatican-owned property outside the walls of the Vatican; he shed no tears when told of the Nazis treatment of the Jews.

The Vatican Bank was formed in 1942. Its charter requires that it provide for the custody and administration of capital destined for religious works. Until the last two years, it has operated as an extension of the will of those who have managed it because it kept no virtually no records. There were no audits of its activities and no reports. The only person who had to be pleased, or at least sufficiently misled so as not to be displeased, was the Pope, the Bank's sole shareholder.

"God's Bankers" is notable in that none of the popes in the last 10 centuries is portrayed as knowledgeable about, or even much interested in, the financial affairs of the Vatican or the Vatican Bank. Yet, even with the financial support of Catholics worldwide, it has been to the brink of insolvency many times.

Posner concludes his detailed study of the Popes and the various heads of the Vatican Bank (and even a devious butler) with a rather uplifting discussion of recent events.

While Pope Francis may have given false hope that the Church's positions on such things as family planning and the humanity of homosexuals would moderate, these false signals are a sharp contrast with what he's done on financial reform. He hired Rene Brulhart, a Swiss lawyer with expertise in money laundering who has set out to avoid having the Vatican Bank assigned to the 'black list' of money-launderers by Moneyval, the international Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism. He has given Brulhart unprecedented authority to bring about reform. To date, significant progress has been made. Posner believes there is hope that the Vatican can become a member of the modern financial community, a departure from its past.