

Pope ends reign amid rising scandals

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Joseph Ratzinger made his last appearance as Pope Benedict XVI Wednesday, delivering a farewell oration to tens of thousands of people crowded into the Vatican's St. Peter's Square. The 85-year-old German-born pope, who as a young seminarian passed through the Hitler youth movement, is stepping down today as head of the Catholic Church, having spent less than eight years in the post.

He is the first pope to voluntarily abdicate since 1294. His predecessors, with only few exceptions, having died on their thrones. Since announcing his decision on February 11, the pope has insisted that he is taking his virtually unprecedented action due to advanced age and frailty rendering him incapable of competently exercising his duties.

For the most part, the mass media has accepted this explanation, concentrating its coverage on issues such as what the ex-pope will be called—"pope emeritus"—what garb he will wear in retirement and who are the frontrunners to succeed him when the College of Cardinals begins meeting at the end of this week to pick a new pontiff.

Relegated to the background in all but a few reports is the geyser of scandal spewing from Vatican City, signaling that an institution that for centuries has served as a bulwark of reaction and oppression internationally is in deep crisis.

In his final general audience in St. Peter's Square, the pope cited a passage in the Bible recounting Jesus falling asleep while sailing in a boat with his disciples on the Sea of Galilee. Referring to his own eight years as pope, he referred to "moments that were not easy," when it seemed that "the Lord was sleeping."

Indeed the decidedly unspiritual matters of deep-going corruption and bitter internecine struggles within the Vatican hierarchy appeared to have preoccupied Ratzinger during his final years as pope. Whether these issues led him to resign because of his own responsibility for the multiple crises confronting the Vatican, or because he was convinced that only a younger and stronger man

could confront the consequences, is not clear. It has become readily apparent, however, that it was these issues, and not merely his personal state of health, that led to his resignation.

Reports that appeared in Italy's largest-circulation daily, *La Repubblica*, last week provided a window into the crisis gripping the Vatican.

The first report, published on February 21, dealt with the growing proof of systemic corruption within the Vatican that had been produced by an investigation that the pope had ordered into the so-called Vatileaks scandal. The scandal surrounded the leaking of the pope's personal papers in an operation that involved his personal butler, Paolo Gabriele, who said he had stolen the documents to fight "evil and corruption."

The probe was headed by the Spanish cardinal Julián Herranz Casado, a member of Opus Dei, the secretive right-wing Catholic order that was closely linked to the dictatorship of Francisco Franco. According to *La Repubblica*, last October, Herranz Casado informed the pope that the investigation had uncovered a secret faction within the Vatican hierarchy that was "united by sexual orientation."

Apparently quoting from a secret report issued in December for the "pope's eyes only," the newspaper said that Ratzinger was informed that members of this faction had been subject to "external influence," i.e., blackmail, due to their contact of a "worldly nature" with individuals outside the Church. The report detailed a series of meeting places used by the group around Rome and in the Vatican itself.

According to *La Repubblica*, it was on December 17, the date of delivery of the final 300-page secret report—two volumes, bound in red and bearing the seal "pontifical secret"—that the pope made his decision to abdicate.

Initially, the Vatican announced that it would have nothing to say about the secret report. After accounts of it appeared in the Italian media, the Vatican's Secretariat of State issued a statement deploring that "as we draw closer

to the time of the beginning of the conclave ... that there be a widespread distribution of often unverified, unverifiable or completely false news stories.” The statement suggested that the reports were part of a campaign to influence the selection of the next pope, “bending” the choice to “political or worldly” interests.

The prospect of another sex scandal at the heart of the Vatican no doubt gave Ratzinger pause. As pope, as well as in his previous position of Prefect of the Congregation for the Doctrine of the Faith (in an earlier epoch known as the Grand Inquisitor), Ratzinger had overseen the Church’s handling of a escalating series of scandals involving the sexual abuse of children at the hands of priests that spread across North America and Europe.

On the eve of his abdication, the pope was compelled to demand the immediate resignation of Britain’s most senior Catholic prelate, Cardinal Keith O’Brien, following the publication of testimony by three priests and a former priest that they were subjected to “inappropriate contact” and “unwanted behavior” when O’Brien was their superior.

The scandals have had a direct financial impact on the Vatican, with donations from the US, the most important source of funding, reportedly dropping, even as the Church has been forced to pay out over \$3 billion in settlements of sex abuse cases.

Given these pressures, the financial operations of the Vatican have become all the more important to maintaining the Church hierarchy. This side of the Catholic Church has long been among its most opaque, but may well have been a major factor in the decision of the pope to abdicate.

Over the past two years, the Vatican bank, formerly known as the Institute for Religious Works (IOR), has been mired in a series of financial scandals, recalling nothing so much as the period in the early 1980s, when the IOR was at the center of a the spectacular collapse of Banco Ambrosiano. This scandal tied the Vatican to the Mafia and the clandestine and fascistic P-2 Lodge. Ambrosiano’s chairman, Roberto Calvi, who was dubbed “God’s banker,” was found hanging from London’s Blackfriars Bridge on the eve of the bank’s collapse in 1982.

In September 2010, the Bank of Italy’s Financial Intelligence Unit informed the Vatican bank that it was under investigation for money laundering and subsequently seized nearly \$30 million in funds that it was trying to transfer out of Italy’s Credito Artigiano bank. Investigators had demanded to know whose money

was involved, but the Vatican refused to cooperate.

Last year, J.P. Morgan closed one of the Vatican bank’s accounts when the Church hierarchy would not provide information on the large sums of money being moved in and out of it.

And last month, the Bank of Italy closed down all credit card transactions at the Vatican, forcing its commercial operations to go cash-only. As the *Economist* reported: “The reason for the central bank’s tough stance is that it has to comply with the European Union’s banking and anti-money-laundering law. This law permits EU banks to operate in non-EU countries only if these have adequate regulatory frameworks and supervisory controls in place.”

In his book “The Secret Papers of Pope Benedict XVI,” based on the Vatileaks documents, journalist Gianluigi Nuzzi reported that the Vatican bank, with some \$8.3 billion in assets, had laundered approximately \$280 million on behalf of the Mafia.

Ettore Gotti Tedeschi, the Vatican bank’s chief, was fired last May. The reasons given for his dismissal were poor management and “progressively erratic personal behavior.” He charged that he had been the victim of those attempting to prevent transparency in the bank’s operations and was said by some to be in fear for his life.

As his last substantive act as pope, Ratzinger appointed a fellow German, Ernst von Freyberg, an aristocrat and conservative Catholic, to head the Vatican bank. The appointment appeared to be a pre-emptive move, aimed at preventing his successor from picking his own bank chief.

Von Freyberg’s appointment provoked new controversy, however, after it was revealed that the German shipbuilding company he chairs had manufactured battleships and U-boats for Hitler’s navy and is currently producing warships for the German government.

A Vatican spokesman responded to questions about the propriety of naming an arms manufacturer to head the Church’s bank by insisting that the von Freyberg’s main line of work was building luxury yachts and that “he also organizes pilgrimages to Lourdes, he is a member of the Order of Malta, he takes care of the sick, so certainly he is a person with a notable human and Christian sensibility.”



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