

# افغانستان آزاد – آزاد افغانستان

AA-AA

چو کشور نیاشد تن من مباد  
بدین بوم ویر زنده یک تن مباد  
همه سر به سر تن به کشتن دهیم  
از آن به که کشور به دشمن دهیم

[www.afgazad.com](http://www.afgazad.com)

[afgazad@gmail.com](mailto:afgazad@gmail.com)

European Languages

زبان های اروپایی

[Spiegel Online](#)

## The Hidden Wealth of the Catholic Church Financial Scandals

By Anna Catherin Loll and Peter Wensierski

6/14/2010

**The Catholic Church in Germany, already struggling to cope with the sex abuse scandal, has been hit by revelations of theft, opaque accounting and extravagance. While the grassroots faithful are being forced to make cutbacks, some bishops enjoy the trappings of the church's considerable hidden wealth.**

Shortly before Pentecost, Pastor S. received an unexpected early morning visit, not from the Holy Ghost, but from the police.

For the authorities, the words of the Gospel of Luke came true on that morning: He who seeks finds. More than €131,000 (\$158,000) were hidden in various places in the rooms of the Catholic priest, tucked in between his laundry or attached to the bottom of drawers. The reverend was arrested on the spot. After several weeks in custody, Hans S., 76, is now back at the monastery, waiting for his trial.

And lo and behold, the proliferation of cash may have been even more miraculous than initially assumed. The public prosecutor's office in the southern city of Würzburg now estimates that S. may have embezzled up to €1.5 million from collections and other

church funds. The members of his flock in a wine-growing village in the northern Bavarian region of Franconia are stunned. They had blindly trusted their shepherd, who always seemed so humble and modest.

The Catholic Church is currently being shaken by a number of financial scandals, not only in Franconia but also in Augsburg, another Bavarian city, where **Bishop Walter Mixa's** dip into funds from a foundation that runs children's homes recently made headlines.

More than €40 million have gone missing in the Diocese of Magdeburg in eastern Germany, €5 million have disappeared in Limburg near Frankfurt, and it was recently discovered that a senior priest in the Diocese of Münster had 30 secret bank accounts. And while parishes throughout Germany are cutting jobs and funds for community work, many bishops are still living on the high horse. A brand-new residence? An ostentatious home for their retirement? Restoration of a Marian column to the tune of €120,000? None of these expenditures presents a problem to high-ranking church officials from Trier in the west to Passau in the southeastern corner of Bavaria, whose coffers are brimming with cash.

In many places, this blatant disparity, along with reports of mismanagement, misappropriation and pomposity have prompted the faithful to challenge church officials. They are accusing many bishops of just covering up the problem, as they did in the **sex abuse scandal**. They are determined not to allow anyone to see behind the curtain into their parallel world of bulging bank accounts and hidden assets, which, in some cases, have buttressed their power for centuries. The only aspect of church finances that is public is the diocesan budget, which derives its funding from the church tax -- but the church's true assets remain in the shadows.

### **Growing Questions About Church Funding**

Now all of this wealth is becoming a political issue, however. The unemployed, recipients of housing assistance, families, communities, businesses, the military -- in the coming years, the federal government plans to deprive them all of billions of euros. But the church, of all things, is being spared, and hardly anyone questions the generous support it receives from the government.

Financially speaking, Germany's dioceses are in excellent shape. "The Catholic Church claims that it's poor, but the truth is that it hides its wealth," says Carsten Frerk, a Berlin political scientist who, after years of research, is publishing "Violettbuch Kirchenfinanzen" (The Violet Book of Church Finances) this fall. Frerk estimates the cash assets of the church's legal entities at about €50 billion. The Catholics, who are not

releasing their own figures, accuse Frerk of being a prejudiced, atheistic critic of the church.

The assets, accumulated over the centuries, are invested in many areas, including real estate, church-owned banks, academies, breweries, vineyards, media companies and hospitals. The church also derives income from stock holdings, foundations and bequests. As a rule, all of this money flows into the accounts of the so-called bishop's see. Only a bishop and his closest associates are familiar with this shadow budget, which tax authorities are not required to review. The public budgets of dioceses consist of far less than their total finances.

This complicated web is handled with such secrecy that not even the financial department heads of all dioceses openly discuss their finances with one another. Seemingly baroque structures make these finances even more difficult to fathom. Depending on the diocese, the administrators of the church's funds can be members of a church tax council, a diocesan tax panel, a financial board or an administrative board. Sometimes assets are also spun off into foundations.

Of Germany's 27 Catholic dioceses, 25 refused to provide information in response to a SPIEGEL survey, noting that this information "is not made public." Only two dioceses, Magdeburg and the Archdiocese of Berlin, which was on the verge of bankruptcy a few years ago, were somewhat more accommodating, probably because they have so few assets to hide in the first place.

### **Secret Assets**

The vicar general of a well-heeled diocese, on the other hand, said: "Yes, the assets in the bishop's see are secret. But perhaps it would be better if you wrote: confidential." When asked to explain this secretiveness, a spokeswoman of the Diocese of Limburg responded: "That's just the way it is." Finally, a representative of the German Bishops' Conference said: "I don't want to talk to you about this."

Elected lay representatives at the base are hardly more successful. They face a wall of silence, even when they are responsible for financial supervision in their diocese. One of them is Herbert Steffen, whose congregation appointed him to the diocesan council in Trier. Steffen, 75, is not exactly a fierce critic. A former furniture manufacturer, he comes from an arch-Catholic family of entrepreneurs in the Moselle River region. His concern was as straightforward as it was conservative: He wanted to make sure that his diocese was in solid financial shape.

The businessman was irritated by his experiences in the diocesan council. "I was surprised by the small size of the budget. It was something I thought we ought to look at," he says. At a council meeting, he asked a confidant of the bishop whether this was the entire budget. "There is also the budget of the bishop's see. But it isn't intended for the public," the official replied. When Steffen asked, "are you telling me that we can't see it, either?" the official said: "No!"

Trier, Germany's oldest diocese, is a good example of the Catholic divide between rich and poor. Bishop Stephan Ackermann, who also oversees sex abuse cases for the German Bishops' Conference, can be quite generous in financial matters, particularly when they involve prestigious projects adjacent to his bishop's palace. For example, the diocese currently has €1 million earmarked for a planned renovation of the square behind Trier Cathedral. Local church authorities want to make sure that the area looks its best, just in case the pope decides to lead an annual pilgrimage to the "holy robe" in 2012, joining the faithful in worshipping a robe that supposedly contains scraps from the robe Jesus wore.

### **Cuts in Catholic Social Services**

On the other hand, subsidies for youth organizations and community centers are to be radically cut or eliminated altogether. Under the diocese's proposed cost-cutting program, a number of facilities would be shut down, including Catholic adult education offices, the Catholic Academy of Trier and Catholic student societies in Trier and the nearby cities of Saarbrücken and Koblenz.

Those who would be affected by the cuts are outraged. "Our goal is to make the church more accessible," says Guido Gross, a pastor who ministers to university students, "but now they want to get rid of the entire field of activity." Lukas Rölli of the Confederation of Catholic Student Societies adds: "I will renounce my faith if the bishop signs this." For Rölli, the Catholic Church creates the impression that it "is trying to withdraw from society more and more, and back into the vestry."

In Cologne, one of the world's wealthiest dioceses, there is also a wide gap between appearance and reality. Grassroots Catholics there have had to struggle to stay afloat financially. Churches have been closed while a shrinking number of priests have had to minister to bigger and bigger congregations in line with strict requirements outlined in austerity programs. Meanwhile, the Archdiocese of Cologne has a large budget of €863 million, and the assets of the archbishop's see are estimated at several billion euros. According to church critic Frerk's calculations, the diocese's holdings in a group of companies known as the *Aachener Gesellschaften*, which consist of about 26,000 residential and commercial units, were worth more than €1 billion in 2003.

But the archbishop's financial officer makes little mention of all this good news. If he did, would the faithful be quite as willing to support all the cutbacks and cheerfully donate their money to pay for a new stained-glass window in the cathedral by the artist Gerhard Richter? For the archdiocese, it is always preferable to have others foot the bills, even when it comes to paying the archconservative Cardinal Joachim Meisner. Based on a centuries-old agreement, the government pays the diocese the cardinal's monthly stipend of about €11,300, which hasn't stopped Meisner from repeatedly attacking his sponsors for their godlessness and various "failings."

### **Taxpayers' Money for German Churches**

Meisner and many of his fellow ministers aren't the only ones to receive public stipends. Year after year, both the Catholic Church and the Protestant Church in Germany receive generous payments from the federal, state and local governments. Not as well known as the church tax (about €10 billion a year) are the annual subsidies to the church, both direct and indirect, which in 2000 amounted to an estimated €17 billion.

The government pays substantial sums of money for the maintenance and constant renovation of cathedrals and other church buildings. It pays the salaries of religion teachers and foots the bill for the altar wine used in church services for the military. Some benefits, such as the annual firewood deliveries a few southern German towns make to their bishop, are based on 200-year-old entitlements that politicians have never reviewed.

Despite the constitutional separation of church and state in Germany, substantial subsidies are paid for church conferences, church libraries, pastors who minister to police officers, inmates of prisons and psychiatric institutions, and the military. The government even helps to pay for the employment of conscientious objectors, and for the maintenance of offering boxes and wayside crosses.

The church likes to point out how much it does for the poor and the weak, and to promote social cohesion, and it has a valid argument. Nevertheless, the government foots the bill for many of these activities. The German government pays the bulk of the German Caritas Association's estimated annual budget of €45 billion, while the Catholic Church pays only a fraction.

In guidelines published on March 15, the diocesan financial board in the Bavarian city of Regensburg, which manages the assets of the bishop's see, even specifies the conditions that must be met before it will contribute financially to the renovation of church-run kindergartens and shelters -- namely that it will only contribute if the local government "has contractually agreed to pay" two-thirds of total production costs" and is willing to

guarantee payment of at least 80 percent of a potential operating cost deficit for "at least 25 years."

Apparently the diocese is only interested in church-run kindergartens if the government assumes most of the cost. Does that mean the diocese would quickly abandon its compassionate care for the children of God if public funding were to dry up? In other dioceses in Germany, Catholic hospitals, schools and retirement homes are even fully government-funded.

### **Church Pays no Taxes and is Unsupervised**

In return, the church is not even required to pay taxes: no property tax, no corporate tax and no capital gains tax. Everything it does as a public corporation in Germany is considered charitable, benevolent and tax-exempt. Unlike other public corporations like universities, the church is not subject to any state supervision.

According to church law, "the Catholic Church has the innate right, independently of secular power, to acquire, own, manage and sell assets for the attainment of its own purposes." Defending this "innate right" and the billions backing it is one of the central functions of bishops.

Complicated financial structures and secret coffers only become somewhat more visible to the public when perfidious administrators abuse them.

This is a particularly glaring issue in the Diocese of Limburg at the moment. A few weeks ago, the head of a church financial administration, who had embezzled about €5 million, was sentenced to more than six years in prison. The man, who was also the managing director of the Catholic congregation in Limburg, had unimpeded access to church funds.

"The embezzlement was surprisingly easy," the judge remarked. The problem was only discovered when the diocese recently began to introduce a new commercial accounting system. Until then, the Limburg bishops and their confidants could apparently dispose of their funds as they saw fit. The current Bishop of Limburg, Franz-Peter Tebartz-van Elst, had to admit that mistakes were made during financial audits.

### **A Palace Fit for a Prince**

The diocese could easily afford such a careless approach to its finances, because the bishop's see appears to have plenty of cash. It is currently planning to build a new residence for the bishop, partly with funds from the bishop's see. Residents of the small

city refer to the hill above Limburg, where the bishop will live behind the tall stone walls of a former aristocratic estate, as the "Acropolis."

"Our bishop wants to be a prince again," the locals say mockingly. By contrast, his predecessor, Bishop Franz Kamphaus, chose to live modestly in a two-room apartment in the seminary instead of the old bishop's residence, which he turned over to a family of Ethiopian refugees for several years.

What architects have designed for Tebartz-van Elst on the "Acropolis" is far more than a generous apartment with an on-site chapel. As part of the project, adjacent buildings will also require extensive renovation and conversion. New quarters will be needed for an order of nuns that will be moving in to ensure that His Excellency is well taken care of. And as part of a new security system for the cathedral museum, relocating one of the museum's emergency exits will cost €1.5 million alone. As an added benefit, it will be harder to disturb the bishop in his refuge in future.

Meanwhile, the bishop has ordered his flock to live by the motto "Save and Renew." Limburg is one of the dioceses cutting back on parishes, masses and priests. In the surrounding villages, the faithful are hard at work collecting donations for the most urgent maintenance work on their churches. "The saving is happening at the base, while the renewing takes place elsewhere," says Henny Toepfer of the local chapter of the reform movement "We Are Church." She has trouble understanding why millions of euros are available for a new residence, but not to pay for buses to bring elderly Catholics from the villages to church services.

### **The Lure of Financial Markets**

For some time now, the old-fashioned vices of pomposity and wastefulness have been joined by a thoroughly modern temptation for the financial administrators of the bishops' sees: the promise of turning a profit in global capital markets.

Take, for example, Magdeburg. Hoping to solve its financial problems, the poverty-stricken diocese, which also has relatively few members, established a stock corporation called Gero AG. To increase earnings from interest and compound interest, Bishop Leo Nowak's confidants invested in real estate deals, ship partnerships, biogas plants and even controversial research into genetically modified plants. A priest in the administration of the diocese even blessed a greenhouse intended for use with genetically modified plants, in hopes that the church's pious investment would flourish.

Today the bishop faces a financial mess. His diocese claims to have lost more than €40 million, while the press estimates the losses at about €100 million. Now the new

executive board of Gero AG plans to restructure the ailing network of companies and holdings. The corporation has already sued its former managing director for damages.

Why do the princes of the church refuse to be held accountable to their congregations? And why are they so careful to keep the government, which supports them so generously, out of their financial affairs?

A former spokesman of a diocese has spent a lot of time thinking about these questions. He attributes the current problems to the pre-modern world of diocesan ordinariates and residences, which revolved around royal courts. "The bishops and prelates, with their colorful titles, feel superior to the Western world and shield themselves against it," he says. "The confessional stands in the church, not the offices of the tax authorities."