

Facing bad press, the Vatican comes out swinging

John L. Allen Jr. | Feb. 10, 2012 NCR Today

ROME -- In the teeth of what it regards as inaccurate or biased media coverage, the Vatican has traditionally adopted a posture that might be described as serene indifference: "This affair will be forgotten tomorrow, but we will still be here in a thousand years," or so the theory goes.

Coupled with that lofty view is often a grubbier bit of PR wisdom: You risk giving a story legs simply by responding to it.

Taken together, those cautions historically have meant the Vatican rarely responds to hostile coverage, and when it does, its public statements are usually slow, measured, and parsimonious. (When a furor erupted in early 2010 over an alleged plot by senior Vatican personnel to sabotage an Italian journalist named Dino Boffo, for instance, the Vatican maintained a steady silence for 18 full days.)

Of late, however, we've seen a break with form, as the Vatican has instead come out swinging.

The occasion has been a spate of coverage concerning alleged financial scandals. Between Jan. 26 and Feb. 9, the Vatican has released a total of four separate statements in response, totaling almost 3,000 words of verbiage, and offering detailed point-by-point rebuttals of the main charges.

Round one began in late January, when the Italian TV program "The Untouchables" revealed confidential letters from Italian Archbishop Carlo Maria Viganò to Pope Benedict XVI and to the Secretary of State, Cardinal Tarcisio Bertone. In them, Viganò complained of corruption and cronyism in Vatican finances, and of a campaign of defamation intended to discredit him and his attempts at reform.

Today the pope's nuncio, or ambassador, in the United States, Viganò was the number two official at the Government of the Vatican city-state at the time.

In response, Jesuit Fr. Federico Lombardi released a statement on Jan. 31, which was followed on Feb. 4 by a long declaration from both the former and the current presidents of the city-state, Cardinals Giovanni Lajolo and Giuseppe Bertello, along with two other senior officials.

The gist of both statements was that the Vatican remains committed to financial glasnost, and that things aren't nearly as bad as reports of Viganò's correspondence implied.

So far, that's pretty much what one would expect. What was striking about the communiqué from Lajolo and Bertello, however, was not so much its conclusions, but its level of detail.

Salient points included:

- The books of the government of the city-state are regularly submitted to the Vatican's Prefecture for

Economic Affairs, which has a group of international consultants. That office has the right at any time, without warning, to inspect the records of the city-state.

- In 2010, the government of the city-state had a surplus of \$28 million ? due, it says, to the performance of its investments and, even more, to a good year for the Vatican museums.
- Major work for the city-state is submitted to a competitive bidding procedure, while minor jobs are awarded to Vatican personnel or external firms on the basis of the normal price paid for such work in Italy.
- The government of the city-state is committed to implementing recommendations issued by McKinsey and Company, a secular management consulting firm founded in Chicago, which was hired in 2009 to provide advice on management and operations.

Whatever one makes of the content, the level of specificity is remarkable. For instance, even careful Vatican-watchers may not have been aware that McKinsey and Company had been contracted to review the operations of the city-state. (A company spokesperson, by the way, declined an NCR request to discuss the details of the project.)

Round two came on Feb. 8, when both an Italian newspaper and ?The Untouchables? TV program aired new charges of financial shenanigans.

In this case, the scandal initially centered on four Italian priests, none of them Vatican officials, who reportedly held accounts at the Institute for the Works of Religion (the IOR, known informally as the ?Vatican Bank?), and who have been investigated on charges of money laundering.

The newspaper article appeared to suggest that IOR has been complicit in illegal activity, and has refused to cooperate with Italian authorities. It also used the word ?charged?, as in criminally indicted, to refer to both the President of IOR, Italian layman Ettore Gotti Tedeschi, and its director, Paolo Cipriani. (Both men were placed under investigation in Italy in 2010 for alleged violations of European money laundering protocols.)

For its part, the TV program charged that the IOR is an ?off-shore bank?, exempt from regulatory supervision; that a new law on financial reform decreed by Benedict XVI in late 2010 contains a huge loophole, because offenses committed before April 2011 aren't covered; and that the IOR has recently transferred large sums from Italian to foreign banks, with the suggestion being that the IOR hoped to evade scrutiny by Italian authorities.

tThe program also interviewed a Roman prosecutor named Luca Tescaroli, who?s investigating the 1982 death of Roberto Calvi, an Italian financier known as ?God?s Banker? for his close Vatican ties. Tescaroli complained that three official requests for information sent to the Vatican never drew a response.

tIn reply, the Vatican issued two separate statements.

tThe first came on Feb. 8, in response to the newspaper article. It made the following points:

- As far back as 2006, IOR began studying all of its existing accounts to verify the legitimacy of account-holders and to flag suspect transactions.
- IOR has ?repeatedly cooperated with the Italian authorities at every level.? In fact, the statement notes, one inquest defined Cipriani?s answers as ?timely and exhaustive.?
- In fact, according to the statement, one of the four priests is under investigation precisely because he was reported by Cipriani.
- Another of the four priests, the statement says, has already been acquitted in a criminal trial, a verdict upheld on appeal.
- Neither Gotti Tedeschi nor Cipriani has ever been ?charged? with anything; an investigation is not the same thing as a criminal charge.

Less than twenty-four hours later, Lombardi dispatched a second point-by-point response to the television broadcast. Its highlights were:

- The Institute for the Works of Religion is not a "bank," but a private foundation. It doesn't maintain reserves like a bank, and it doesn't make loans. It's certainly not an "off-shore bank," the statement insists; it's governed by Vatican law, including the new law decreed by Benedict XVI to bring the Vatican into compliance with international standards of transparency.
- The new anti-money laundering law decreed by Benedict XVI does, in fact, cover suspect transactions before April 1, 2011, so there is no loophole.
- The IOR uses both Italian and foreign banks, and there's nothing unusual about recent transactions. Transfers, the statement says, are regularly traced, reported and verified.
- As far as the Calvi investigation goes, according to the statement, the Vatican has already responded to two of the three requests, and a third never arrived. Tescaroli's complaints, therefore, "do not correspond to the truth."

Based on all of the above, the statement says, the broadcast was "biased, and does not contribute to an objective picture of the reality it describes."

Let's set aside, for the moment, the merits of either the news reports or the Vatican responses. What explains the Vatican's detailed, and pugnacious, strategy on these stories, in contrast to its normal laissez-faire stance?

At least three factors may be at work.

First, there's a strong sense in the Vatican that its personnel are genuinely committed to financial reform, and that Benedict XVI's decision to create the new Financial Information Authority is a landmark move in the direction of transparency and cooperation with international regulatory authorities. Even as the damning reports aired, for instance, Vatican personnel and advisors are working behind the scenes to satisfy the "Moneyval" standards, established by the Council of Europe in 1997, to combat money laundering. In other words, there's a sense that what ought to be a good news story is being misrepresented.

Second, some of the personnel involved in these reforms tend to be either fairly young, or non-Italians, or both. As a result, they tend to have a higher comfort level with 21st century-style media relations.

Third, and perhaps most important, Vatican personnel now realize there's a steep real-world price to be paid for perceptions of hanky-panky. In September 2010, Italian investigators froze \$30 million in assets of the IOR for allegedly suspect transactions (those assets were released in June 2011), and placed Gotti Tedeschi and Cipriani under investigation. Those moves were a clear shot across the bow, signals of a new willingness by secular authorities to challenge the Vatican for alleged transgressions.

It's one thing to allow negative impressions to fester when the only consequence is bad headlines. When the seizure of assets and criminal investigations are on the line, however, that's likely to produce a more aggressive response from anyone — even the Vatican.

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