

THE NEW YORK TIMES

SATURDAY, JULY 6, 2002

Vatican Blames Economic Slowdown for First Deficit in 9 Years

VATICAN CITY, July 5 (AP) — The Vatican today reported its first deficit in nine years, blaming the worldwide financial slump, aggravated by the Sept. 11 attacks, for the shortfall.

Increased contributions last year from dioceses around the world were not enough to balance investment losses, according to the economic director, Cardinal Sergio Sebastiani.

He presented the Vatican's financial statement for 2001, which

showed a deficit of \$3,062,000.

The Vatican went through 23 money-losing years until 1993, but then bishops worldwide agreed to directly assist the Vatican. Those contributions, known as Peter's Pence, reached \$51.9 million in 2001. Cardinal Sebastiani provided no breakdown from individual countries, but in the past, dioceses in Germany and the United States have been the biggest givers.

The sex-abuse scandals that have shaken the church in the Unit-

ed States and other countries have raised concern that some Catholics may hold back on contributions, but Cardinal Sebastiani said he had no information on this year's donations.

The biggest expenses are costs of the Vatican's 2,700-member work force, including an expanding diplomatic presence around the world.

In a separate report, the Vatican said the government of the city-state registered a surplus of about

\$14 million last year, down from \$22 million a year earlier. Much of those funds came from museum fees, which were particularly high during the 2000 Holy Year.

The Vatican's real estate is listed as worth about \$650 million, not including such priceless holdings as St. Peter's Basilica. That is listed at a symbolic one euro, said Ivan Ruggiero, a Vatican accountant.

But, Cardinal Sebastiani said, "it doesn't mean it's for sale."