

Funding the Future

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The [Economic Times of India](#) (a pretty reliable source) has reported:

While international pressure is mounting on offshore banks to relax secrecy rules, the Vatican, the seat of the Catholic Church, wants all offshore tax havens to be closed. The official statement from the Vatican, called an encyclical, is expected to ask for a closure of such tax havens. The encyclical is scheduled to be released on March 18 by Pope Benedict XVI.

The Catholic Church periodically issues the encyclical on various issues it is concerned with. It had planned to come out with an encyclical on tax havens last year, but postponed the date following a decision to do a thorough research on global economics and the reasons that have led to the current slowdown.

The office of the Archbishop of Mumbai said: "We expect the encyclical to be published on March 18. However, a formal release will happen on May 1, on the International Workers' Day." A policy paper issued last December by the Vatican, blamed the current financial crisis on offshore centres such as Channel Islands, which are basically British dependencies.

The paper, in a scathing attack on "unhealthy and inequitable financial practices," also pointed to the alarming figure of global deficit caused by offshore banking. The size of global deficit is estimated to be around \$255 billion, almost three times the aid given to developing countries globally. Closure of these offshore banks, according to the Pope, should be the first step out of the current global economic crisis.

It is also reliably learnt that the encyclical sees the tax havens as the main conduit for transferring money from poverty-stricken nations to the rich world and the consequent impoverishment of the people in developing and under-developed countries.

The Vatican looks at the huge amounts siphoned off to these offshore banks as the money that the governments in developing countries could have utilised for helping the poor. The Church's concern on offshore banking also coincides with the global awareness of fiscal dangers caused by tax havens.

Much of the above analysis is based on [my work for](#) and with the Tax Justice Network or that of Raymond Baker at [Global Financial Integrity](#).

The morality of the argument is abundantly clear to all with eyes to see.