



ALL AT SEA: Pavlos Panigyris, the suspended mayor of Kastelorizo, sits by the island's harbour. After years of running the local community, he is to go on trial for alleged corruption. He denies any wrongdoing. **REUTERS/YORGOS KARAHALIS**

Locals on a tiny Greek island have risen up against their long-standing mayor. They hope it reflects a wider change in attitudes to the country's political elite

# The island fighting for a new Greece

BY DINA KYRIAKIDOU

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**W**hen George Papandreou declared Greece was effectively bankrupt in April 2010, the former prime minister chose to do so standing by the sparkling harbour waters of Kastelorizo, a remote Aegean island. It has turned out to be a fitting backdrop.

This speck at the easternmost corner of Europe has become a symbol of Greece's struggle to confront old ills and build a better future. The country's economic crisis has spurred inhabitants of the island, population 350, to challenge the political elite that ruled Kastelorizo for 18 years.

In recent months complaints about widespread graft and poor infrastructure - flaws many observers say led to Greece's general collapse after decades of foreign-fed affluence - have boiled over. The island's mayor, Pavlos Panigyris, has been suspended by Greece's general secretary for the Aegean region, pending trial later this year on criminal charges of corruption brought by a public prosecutor.

Panigyris, who won repeated elections by wide margins, denies any wrongdoing. He told Reuters that allegations of embezzlement and fraud are the result of a vendetta by his enemies. If acquitted, he plans to return to office. If convicted, he faces up to life in prison.

For many of the inhabitants of this Greek microcosm, the suspension reflects a change in attitude to illicit practices across the country that have been widely known but rarely discussed. After decades in which graft by the authorities was often covered up, a few politicians are facing justice.

In Thessaloniki, Greece's second biggest city, former mayor Vassilis Papageorgopoulos was sentenced to life in prison in February for embezzling almost 18 million euros (\$23.4 million) of public funds. He protested his innocence, but was jailed along with two other senior officials of the city.

In Athens, former defence minister Akis Tsohatzopoulos is on trial for money laundering. Other politicians are under criminal investigation as the heavily-indebted country faces pressure to reform its economy and its legal system begins to take a tougher line on corruption.

"The economic crisis has touched the judicial body and they no longer tolerate political intervention (in legal cases)," said Maritsa Mayafi, 52, a Kastelorizo restaurateur whose family is locked in numerous disputes with the former mayor. "We hope the same happens here."

Panigyris does have supporters. Acting mayor Giorgos Achladiotis said he believed that if any illegalities had been committed,



HIGH TURNOVER: In recent years about 500 properties have changed hands on the island, which has only 350 permanent inhabitants but attracts tourists in the summer. **REUTERS/YORGOS KARAHALIS**

they must have been accidental. And taverna owner Vangelis Mavros said Panigyris was a good mayor. "Sometimes, if you don't vote for him he fights you, but I don't believe the charges against him," he said.

On the island, just as in wider Greece, challenges to entrenched interests and the existing system remain finely balanced.

### LAND GRABS

Kastelorizo was once home to 12,000 people, its deep port making it a busy shipping hub. But World War Two took a heavy toll, leaving the island almost deserted - just part of the devastation of Greece after Nazi occupation. Many islanders joined a wave of emigration to the west, in particular to Australia, where they call themselves Cazzies.

In the 1980s, when regular air and ship

connections were established, Kastelorizo experienced a minor tourist boom. The 1991 Oscar-winning Italian movie *Mediterraneo* was filmed on the island, bringing more visitors. Property prices began to pick up as nostalgic Cazzies explored their roots and Italians sought to buy a slice of *Mediterraneo*.

But buyers and sellers faced a significant problem, one that lawyers and state officials say is typical of Greece as a whole. There was no reliable or easily searchable registry of land ownership.

Greece received subsidies from the European Union in the 1980s to create an authoritative system for recording land ownership, but is still struggling to put together a reliable register.

On Kastelorizo, as elsewhere, some

people took advantage of a law that allows anyone to claim ownership of a plot of unused land by presenting two witnesses to support their claim and obtaining a tax certificate verifying ownership of the property from a mayor or municipal authority.

Panagiotis Palaiologos, a retired Rhodes lawyer who has won property back for Australian owners in court, says the spirit of the law is abused. "The method is simple - you get two witnesses to sign a paper saying your family owned a piece of property for a long time and then you go to a notary and register (the property) in your name." He said many properties in Kastelorizo had been claimed in this way.

In the past five years about 500 property titles have changed hands on the island, according to paper records on the island of Rhodes, which is the administrative centre of the region. The number is extraordinary for a tiny island that survives on state subsidies and a few months of tourism each summer, say local residents.

The state land authority and the forestry department in Rhodes have had several cases pending over the past few years against the former mayor and others for allegedly claiming land they did not own.

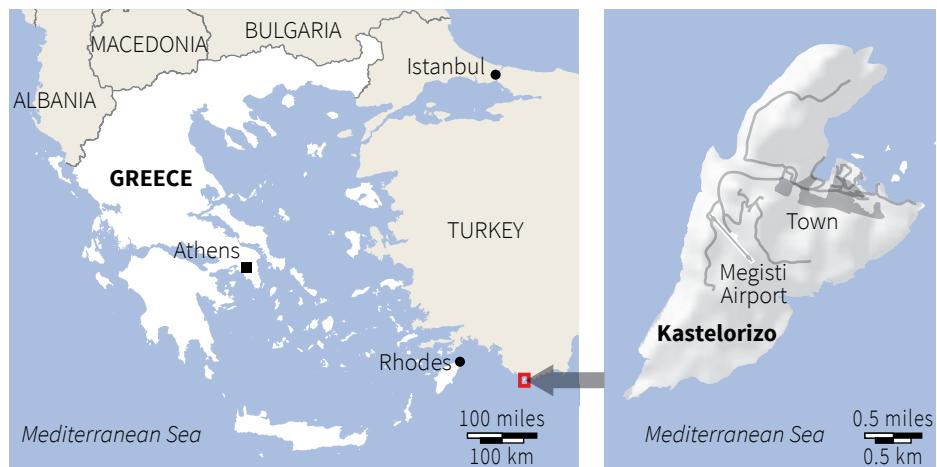
One strange case concerns a small piece of waterfront land that the local council attempted to give in 1996 to the New Democracy politician, Dimitris Avramopoulos, then mayor of Athens and now foreign minister in the current Greek government.

In 2006, a national TV programme aired papers allegedly showing Avramopoulos had requested the land. He denied this vehemently and pressed charges of forgery against unknown persons. Avramopoulos declined to comment for this article.

Panigyris took the blame for the incident. He told Reuters he appeared at a pre-trial hearing, assumed responsibility for the documents and explained they were a well-intentioned mistake. He said the purpose of the land deal had been to show gratitude to a fellow mayor for his great help

## Frontier of change

The island of Kastelorizo, the country's easternmost point, is emblematic of Greece's struggle to confront old ills



to the island. The charges of forgery were dismissed.

The forestry department claims the disputed property and the whole area around it are state land. The department says the plot has ended up being owned by Panigyris' mother; it is pursuing legal action to try to cancel her ownership deed.

Panigyris, who spoke on behalf of his mother, said this is a misunderstanding, explaining that she owns land next to the disputed lot.

Some Kastelorizo locals say Panigyris has managed to amass a surprising amount of property while mayor; one is Antonis Patiniotis, who owns a sea taxi. He walked around his yard pointing to several pieces of nearby property he says are now owned by the suspended mayor's family.

**“**We have urgent problems, such as sewage, finishing a road, getting a doctor. This is the worst moment of my life.

**Giorgos Achladiotis**  
Kastelorizo's acting mayor

"How did this happen? All of a sudden they own all this land around me?" he asked. It is not clear whether any of that land is involved in the legal case against the mayor.

Panigyris vehemently denied accusations he and his family have acquired dozens of pieces of property. He said he declares five properties on his tax form.

"Look, some land has been sold but it's not an industry, let's not get crazy," Panigyris said, sitting in the municipal offices, despite his suspension, and ordering a secretary to make copies of documents during an interview with Reuters. "Will we have a witch hunt? Some people exploited the law, that's the truth. My father died a poor man, he had no money, I'm not lying. My family, like all Kastelorizians, took advantage of this law."

Nevertheless, he maintained he and his family have done nothing wrong. He says his wealth is derived from state subsidies for agriculture and tourism - amounting to 360,000 euros - which helped him build rooms for rent.

In the eyes of his opponents, Panigyris has survived previous legal challenges

partly because of his political connections and influence. Local council member George Papoutsis, who has led the charge against the suspended mayor, said: "It's clear he (Panigyris) has political support from Rhodes and Athens. But I believe things will start to change."

Panigyris denied he had received any protection from politicians elsewhere, but said he was more appreciated now outside the island than within it.

Amid the claims and counter-claims, the island finds itself adrift with its administration no longer fully functioning. While

Panigyris says the municipality has 1.17 million euros in bank accounts, he says he has not turned over the accounts to the acting mayor. As a result, the acting mayor is struggling to pay bills and salaries.

"We have urgent problems, such as sewage, finishing a road, getting a doctor," Achladiotis, the acting mayor, said. "This is the worst moment of my life."

Panigyris's corruption trial is set to start in September. In a separate case he is pursuing an appeal after being found guilty of forgery for altering town council documents. That appeal is due to be heard in June.



MAYORAL CRITIC: Antonis Patiniotis, who runs a sea taxi on the island, says several plots of property around his home have changed hands in unclear circumstances. **REUTERS/YORGOS KARAHALIS**

“Athens knew what was going on on Kastelorizo like Brussels knew what was going on in Greece all these years, but turned a blind eye.

**George Lazarakis**

town councillor and taverna owner

"He acts as if he is still mayor and as long as this case is pending, the island is held hostage and we all suffer," said Mayafi, the local restaurateur embroiled in disputes with Panigyris. Reflecting how similar problems still beset Greece as a whole, she added: "For me, the real meaning of the words Greek democracy and justice will be decided by what happens on Kastelorizo."

Critics say Athens has allowed the island to bend the rules for decades, mostly out of sympathy for its troubled history and challenging location.

"Athens knew what was going on on Kastelorizo like Brussels knew what was going on in Greece all these years, but turned a blind eye," said George Lazarakis, a town councilor whose family owns a taverna on the port. "We are all to blame for the Panigyris phenomenon, including myself, for supporting him all these years."

Similar problems beset the rest of Greece. The troika of EU, International Monetary Fund and European Central Bank is urging the Greek government to fight corruption and tax evasion - as well as improve state infrastructure and liberalise the economy - as a key part of efforts to reform the country.

The appeals prosecutor in Rhodes overseeing the Panigyris case said there was decreasing tolerance for political corruption. He welcomed the life sentence given to the former mayor of Thessaloniki as a fresh start for the country's judicial system.

"The decision to apply the letter of the law surprised many, even in the judicial body," said prosecutor Stavros Athanasakis. "But it cleared the name of Greek justice."

# GREECE ISLAND REVOLT

The recent appointment of a special anti-corruption prosecutor in Athens shows that the will is there to change things."

But turning good intentions into practical improvements takes time and money. On Rhodes, city planning, forestry and other state departments say they don't have the staff to investigate all the allegations on the ground in Kastelorizo.

"Crazy things are happening there," said Kaiti Balatsouka, head of the state forestry department, which owns most of the undeveloped land on the island. "They have ignored all law and order."

She said her department has so far identified several cases of individuals taking over

state land and three lawsuits have already been filed. "We have dealt with 14 cases so far and I am sure more will come up."

*Edited by Richard Woods and  
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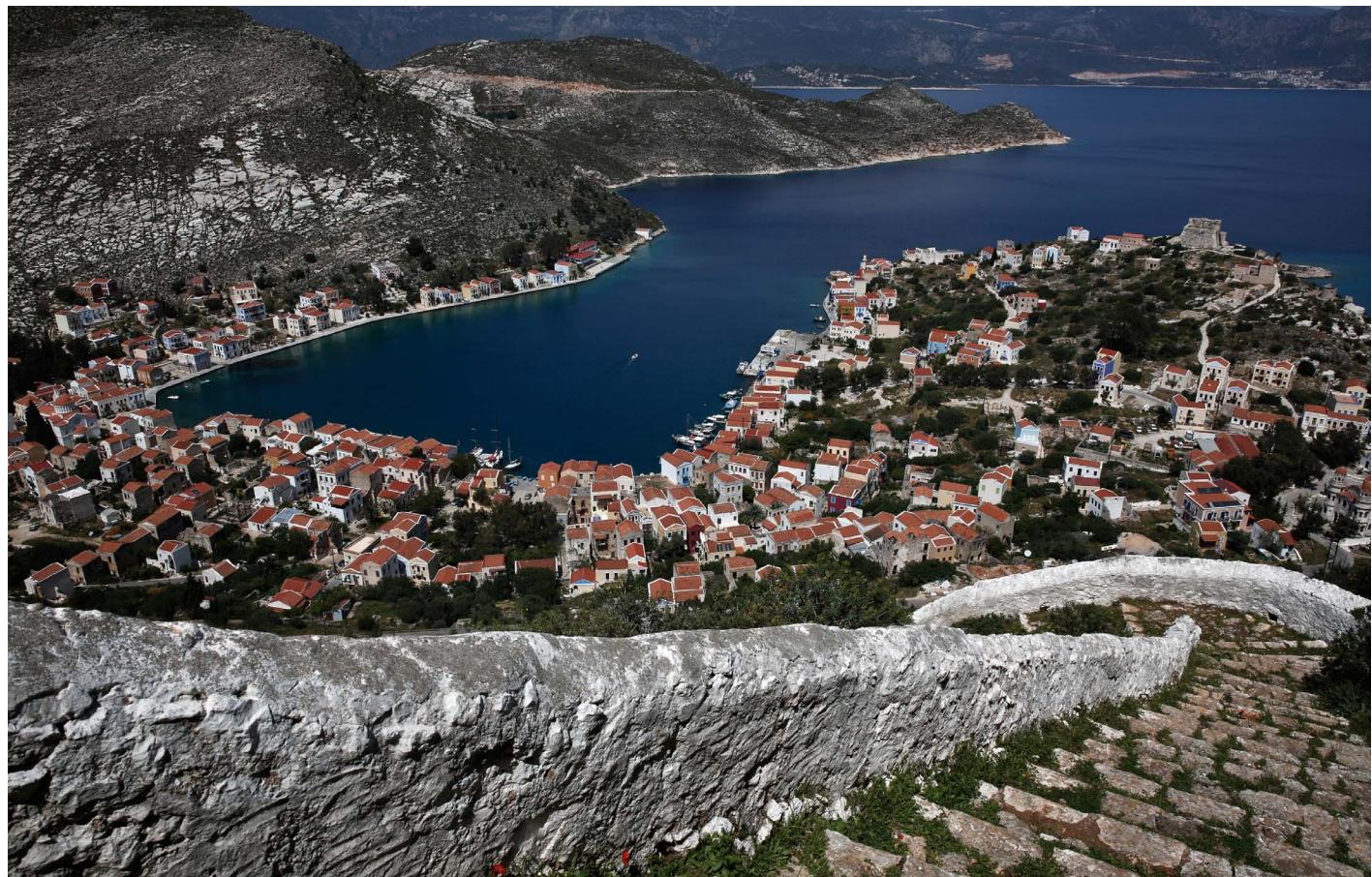
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SUSPENDED: Pavlos Panigyris won three elections for the island's mayor, but faces prison if convicted of misusing his powers. He denies wrongdoing and intends to return as mayor if acquitted. **REUTERS/YORGOS KARAHALIS**



DECEPTIVE TRANQUILLITY: On Kastelorizo, the row over the mayor is seen as part of a wider reaction against vested interests in Greek politics.

**REUTERS/YORGOS KARAHALIS**