

# Gibraltar: Fortress Colony

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THE middle of the 20th century will mark, for the people of the Fortress Colony of Gibraltar, the introduction of a constitution which will give them, for the first time in history, some say in managing their own affairs.

It is over three years since they were promised a Legislative Council, but governmental machinery turns slowly, especially when it comes to drafting a constitution, and it will not be till the late summer of 1950 that the first elections will be held.

Gibraltar, through its geographic position, has always been the home of paradoxes and the unusual in its administration, in its trade, in its economics. It probably always will be.

It is a paradox that 246 years of British rule should have gone by without its people having any form of vote. But it is also a paradox that civilians should expect a vote in the affairs of a barren piece of rock whose sole *raison d'être* is a military fortress, naval dockyard, and since the last war, an air base.

It is a paradox, too, that a small territory of less than two square miles which produces nothing and manufactures nothing should have had a surplus of Colonial revenue over expenditure, without income tax or any direct taxation, and with import duties almost on a "free port" basis.

Gibraltar sturdily maintained the paradox theme throughout the last war. For four years an isolated foothold of the allies on the continent of Europe from the time

of Dunkirk to the landing in Sicily, the grim old fortress escaped almost untouched by enemy action, while the bulk of the civilian population was evacuated in anticipation of a repetition of the horrors of the Great Siege of 1779-82.

So the theme goes on; with no democratic vote the people succeeded in securing the dismissal of two governors—one in 1850 and one in 1914. And a final touch to the theme is found in the fact that the only person to write a history of civil evolution in Gibraltar was a Canadian Professor—R. A. Preston of the University of Toronto, whose war service brought him to Gibraltar's air strip as Assistant Provost Marshal in the Royal Air Force. His paper appeared in *The Canadian Historical Review*, December, 1946, under the title "Gibraltar: Fortress Colony."

Inspired with the spirit which Professor Preston calls "quasi-nationalism"—a spirit evident in almost every British Colony which has not achieved the stature of self-government—the people of Gibraltar are loudly claiming the right to manage their own affairs.

They do not remember—though occasionally the point is grudgingly admitted—that their bread and butter depends absolutely upon Gibraltar remaining an outpost of commonwealth defence. If Gibraltar were to lose this role its merchants, who are many and wealthy, would lose their trade, its workpeople their means of livelihood.

Geographically, Gibraltar is part of

Spain, but as part of Spain, Gibraltar would lose its military importance and its commerce.

Here it is necessary to glance for a moment at the far reaching effects, culturally, commercially and strategically, of Gibraltar's geographic position.

Gibraltar, by itself, does not, as so many people imagine, "guard" the western entrance to the Mediterranean. Dover, without many miles of coast line on each side, cannot guard the entrance to the English Channel.

Gibraltar, as a naval and air base is a vital link in a chain of important outposts. But unless Spain is un-hostile or impotent it could not be used as such, as its installations would be completely dominated by artillery from a semi-circle of hills which surround the Bay and by aircraft from a dozen airfields, within a few miles' range.

Gibraltar, if it belonged to Spain, would probably degenerate into a monument or religious shrine, which was more or less its role when captured by the British in 1704. Spain has two excellent commercial ports, Cadiz and Malaga, 80 miles to the west and east. Gibraltar has no rail connection with the Iberian Peninsula, its port serves no hinterland. Gibraltar in the hands of Britain is a busy bunkering station for oil and coal fuel. "Shell" stores 70,000 tons of oil fuel, can service twelve ships at a time, and bunkers seventy ships a month. Gibraltar Transporters Ltd., the Coal Pool, handles 40,000 tons of coal a month.

Gibraltar, as a British Fortress and Naval Base employs a labour force of about 8,000. Most of the workers come in and out of Spain daily.

Gibraltar, in British hands, is a shop-window for British goods, eagerly bought by Spanish workers and other day visitors who come to shop.

The requirements of defence and commercial enterprise in a tiny community like Gibraltar—less than two square miles with 28,000 inhabitants—do not, naturally, follow parallel lines.

Commercial development is hampered for the same reasons that political development has been necessarily slow. The first industry started this year when a fish

canning plant was opened and a small fleet of fishing trawlers operated from the port.

**T**HAT some form of democratic rule is even contemplated is typical of the British way of life, but the attainment of full democracy is virtually impossible. It is interesting to compare this aspect with bases like Simonstown, Halifax, and Esquimault, which remained British bases long after South Africa and Canada attained full Dominion stature.

But in its endeavour to attain some form of democratic ideal, Gibraltar stands in real danger of being over-governed.

The civil government machine at present comprises a Governor and Executive Council; about fifty Government Officials in a dozen different departments, with eighteen committees and boards composed of officers, officials and honorary citizens; and a City Council of thirteen members, of whom seven are elected.

The sense of being over-governed is accentuated because the three armed forces—Navy, Army and Air Force—administer themselves to a large extent in water-tight compartments. There is therefore multiplication of administration and public services, such as Water and Light.

The need for co-ordination is very keenly felt and an inter-service commission comprising senior officers and officials of the Defence and Service Ministries visited Gibraltar recently to see what could be done. No report of their findings has yet been issued; but Gibraltar's problems would be simplified if it were possible to co-ordinate the fighting services under one administration e.g. "H. M. Armed Forces."

To all this is now to be added a Legislative Council comprising the Governor as President, three ex-officio official members; five elected members; and two nominated members, of whom one must be unofficial.

The Governor has a casting vote but not an original vote, so the proportion of elected to non-elected members is equal.

Wide powers, are, however, reserved to the Governor. He may refuse assent to Bills passed by the Council. He will have powers of reservation on Bills con-

cerned with external relations, religious discrimination and discipline of the armed forces. If he considers a Bill expedient in the interests of defence, public order, public faith and good government, and the Council fails to pass such Bill, he may declare it to have been passed. His recommendation is necessary before the introduction of a money Bill.

Local opinion was quite pleasantly surprised at the high proportion of elected representation, but was shocked at the wide powers reserved to the Governor.

Mr. Creech-Jones, Secretary of State for the Colonies at the time, wrote in a special despatch accompanying the provisions of the New Council:

“At first sight it might appear that these safeguards may constitute a considerable qualification of the powers of Legislative Council.

“My expectation is that in practice they will not give rise to any difficulty, and that the reserved powers of the Governor will be seldom invoked.

“It will, I am sure, be generally realised that in a Fortress-Colony these safeguards must be regarded as essential.”

## II

**T**HE Colony's finances have undergone a startling change in recent years. During the war Gibraltar was lending the Imperial Government the sum of £850,000 interest free out of general revenue balance as a contribution to the war effort. This substantial revenue balance was mainly built up from small duties on spirits, tobacco and perfume; port and harbour dues and rents of government properties. Expenditure was limited to administrative staff costs. There was little thought of “welfare” or social security, and education was in the hands of the Roman Catholic Church although with a small government subsidy.

The story of the change in Gibraltar's financial position is inextricably bound up with the story of the war-time evacuation of 17,000 of the civilian population and their subsequent repatriation.

It is another of Gibraltar's paradoxes

that long before the end of the war, when it would have been expected that all energies would have been directed towards defence, the Government suddenly woke up from the *laissez faire* attitude of over a century to evolve education, housing and welfare schemes on a grandiose, though necessary, scale.

These schemes have now to be paid for, on top of the expenditure incurred in repatriation and wartime controls on finance, food, imports, and exports. The wealthy merchants, who will obviously be the first to be affected by tax increases, are protesting loudly, alleging undue extravagance and raising the old Boston tea-party cry—that the people were not consulted before being called upon to pay.

In order to rehabilitate the civilian population after evacuation, it was necessary, owing to a number of factors of which one was the appallingly overcrowded and unhealthy conditions under which the people were living, to embark on a major building scheme at a time when materials were very scarce, costs high and rising daily. The Government first announced that it would build 900 flats at a cost of £875,000. As time went on estimates were drastically revised and this scheme worked out at 472 flats for £2,250,000. Later a further scheme was embarked on to build 105 flats at a cost of £270,000. This meant borrowing for the first time in Gibraltar's history, and borrowing a very large sum.

The two schemes have been financed as follows:

From British		
Government:		
Free Grant.....	£	100,000
Interest Free Loan.....		250,000
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Total from British		
Government.....	£	350,000
Public Loan.....		1,100,000
Private Loan.....		400,000
General Revenue Balance		670,000
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Total.....	£	2,520,000

Thus, the Fortress Colony, with no means of production and no manufactures,

has to face Interest, Sinking Fund, and Loan Repayment Charges which I estimate to reach about £90,000 a year in 1951.

Current general revenue and recurrent expenditure stood last year at about £620,000 a year, including a part of the loan charges, but extra taxes are required before a new revenue balance can be achieved.

Once again, however, Gibraltar maintains its reputation for the unusual. The rents of the new properties, mostly designed for the working class, come nowhere near the loan charges, so the difference is to be almost entirely covered by the profits of a Government Lottery!

Gibraltar's geographic position, half a mile from the Spanish frontier, meant that every man and woman was accustomed to spend money at will in the Spanish State Lottery. So the local Government was able to overcome the objections of the Home Government to what is regarded in Britain as a most un-moral form of taxation by the simple argument that it was more sensible to divert this money to its own pocket than allow it to go to the coffers of a foreign government.

Thus Gibraltar became the only colony under the direct aegis of the Colonial Office to run a state lottery. Other colonies who have introduced them have done so under some measure of self-government.

Such colonies run two or three lotteries a year, but Gibraltar holds one every week—small, but amazingly large compared to the size of the population. Some 13,000 tickets at 10s. each are sold each week to a population of 24,000 civilians and 4,000 servicemen. Occasionally the lotteries go up to 20,000 tickets, and at their present rate of popularity, will bring in the revenue of £80,000 a year. This, with the rent of the new properties, should cover all the loan charges and repayments.

**T**HE £2,250,000 housing contract has been the subject of one of Gibraltar's most bitter controversies.

Local opinion alleges that the scheme could have been carried out very much more cheaply had the contracts been given locally instead of to an English firm. A deputation went to London to argue that

it had cost £850,000 more than it should have done owing to the interference of the Home Government in local affairs and, therefore, the Home Government should pay up the difference. Some voices called for a public enquiry, but they were not so strident when they realized that such an enquiry would be very expensive and they would have to pay for it.

The deputation, as was to be expected, got no change from a Home Government already distressed with the problem of finding money from exhausted British taxpayers for its social security schemes and food subsidies.

The local Government, answering protests and allegations that money had been squandered, said that full enquiries had been made in Spain and Morocco, and it was satisfied that no economies would have been achieved in the building costs. The enterprise was of a magnitude outside the scope of local authorities, and in any case delay must occur as only by the methods adopted could the necessary priorities be obtained. Time was an all important factor when the basic need for building was to allow for the return of the last 2,000 of the evacuated civil population, then shivering in isolated camps in Northern Ireland after six years of exile.

The evacuation gave an impetus to "quasi-nationalism" and sharply accentuated class differences, which were first brought home to the Gibraltarian by the Spanish Civil War. The wealthy favoured General Franco's Nationalists while the sympathies of the workers and artisans were naturally with the Republicans. The evacuation meant that the wealthy were able to go away under their own steam to temperate climates like Tangier or Madeira, while the poor travelled in organised shiploads first to London where they came in for the blitz, and later to camps in Northern Ireland.

But the evacuation also meant that the Gibraltarian, for the first time in Britain's rule, became personally involved and inconvenienced by an Imperial issue—an issue in which, he argues, he had no say. No sensible Gibraltarian would deny that the evacuation was right and proper. But it left him stunned and bewildered to

find that his family could be sent away without his saying whether it should go or not, or even where. So by the time repatriation was due, the Gibraltarian had become much more conscious that it was necessary for him to voice his interests.

The powers and constitution of the City Council had been suspended as a temporary war time measure, and there was then no constitutional method of airing public opinion.

But the 3,000 artisans and labourers, mostly engaged on war work, who had remained behind, made their wants very clearly known through a new body called the Association for the Advancement of Civil Rights, which gained the ear of the Government to an extent only previously gained by the merchants.

Through pressure by this Association a system of priorities for repatriation was evolved which depended primarily upon the length of separation of husband and wife. In other words those who had stayed on the Rock and done their job had their families back first, irrespective of class or wealth. This ideological method caused much heart-burning and accusations by the wealthy about accentuating class differences. Unfortunately it resulted in several thousand being repatriated and remaining in Gibraltar who previously lived in the dormitory Spanish Town of La Linea, thus aggravating the housing problem.

Resettlement of the repatriates involved the local Government in heavy expenditure. Thousands had to be housed in requisitioned buildings and maintained. The cost in 1947 rose to £65,000 but by 1949 it had dropped to £20,000 for the year. About £15,000 a year is still being paid out to "necessitous persons" because of the complete lack of old age pensions or any form of social security.

### III

**I**N the spring of 1950, the "Boston tea-party" cry and further evidence of a surge of "quasi-nationalism" have been very noticeable. This was due to the imposition of a tax on trading profits.

The tax itself is innocuous enough, with a maximum of £400 a year. But it is strongly resisted on the following grounds:

1. The Government insists on imposing the tax in its own form, in preference to a form suggested by the Chamber of Commerce and designed to produce the same revenue;
2. It is in fact a form of income tax and contravenes a promise given three years ago that income tax would not be introduced until it could be debated in Legislative Council;
3. The Government has refrained from publishing the 1950 Estimates and cannot prove that the money is needed so urgently that a decision on new taxation cannot wait until Legislative Council opens in the autumn.

It is stressed that the traders are not unwilling to pay, provided they have a say in how the money is collected and spent. However, the Government's decision to impose the tax in spite of the evident opposition brought a petition to H. M. the King in Council with nearly 7,000 signatures, the closing of shops on the morning of 5 May, and a mass protest meeting which showed a determination to take "drastic steps" should the petition fail. The meeting unanimously decided to return the uncompleted tax assessment forms to the Government.

The end of repatriation—the last evacuee officially entitled to return at Government expense arrived home at the end of 1949—has seen the partial eclipse of the Association for the Advancement of Civil Rights, whose representatives have held all elected seats in the City Council since that body was re-constituted four years ago. They now find themselves posed between the Chamber of Commerce, representing the traders, and a new trades union called the Gibraltar Confederation of Labour, representing the workers and left-wing interests. A few workers are members of local branches of the British Transport and General Workers Union and the Amalgamated Engineering Union.

Gibraltar's geographic position makes the application of ordinary trade union principles and collective bargaining difficult. Once again we come to the unusual.

Most of the labour is employed in official departments—Admiralty, War Office, Colonial Government, Air Ministry, and City Council. The proportion of Spanish Labour to Gibraltarian is about four to one. These are some of the difficulties faced by Unions and Employers:

1. Unions are not anxious for Spanish Labour to vote on a strike issue.

2. Unions are anxious, should Gibraltarian Labour decide to strike, that Spanish Labour should also come out, otherwise the strike would be useless.

3. The Unions insist, and are supported by Government in doing so, that employers should engage Gibraltarians in preference to Spaniards or other British Subjects or aliens.

4. The vote for the Defence Departments—Admiralty and War Office—is governed by the British budget, and local representatives have no power to negotiate local wage agreements on their own.

5. The defence departments clearly cannot countenance a position whereby a vote on a strike issue is dominated by alien workers.

6. The Spanish worker himself is not anxious to become involved in a British industrial dispute. General Franco's Government does not view trade unionism kindly, and is highly suspicious of the influences at work under a Labour Government.

But Gibraltar has had no major strike for over ten years, and Gibraltarians have no fear of unemployment. Employment in Gibraltar, with several major building

schemes in hand, is the highest on record. And falling off in the man-power required would first affect the 8,000 Spanish workers who pour over the frontier daily.

Unemployment benefits are on the list of social insurances the workers are still waiting for. This particular form of insurance is regarded in many quarters as superfluous, but the need for sickness benefits, old age pensions and accident insurance is very real. At the half-way point in the twentieth century Gibraltar is many years behind in this type of legislation.

The merchants await its introduction with some apprehension, fearing increased taxation but forgetting they are probably the most tax free community on the continent of Europe today. Income Tax, or direct taxation in any form which means disclosure of how much money they make, is their bogey.

They are already extremely critical of the building schemes and the resultant financial burden, and are calling for drastic economies in Government expenditure.

Their complaints on the latter issue should bear some fruit, and provided the new social security schemes are paid for by workers' and employers' contributions there would not appear, from the current estimates, any need to fear the imminent introduction of income tax.

However, the Governor, General Sir Kenneth Anderson, who by his sympathetic attitude to civil issues coupled with a firm hold of the governmental reins has achieved great popularity, has promised there will be no income tax before the Legislative Council is in a position to consider such a plan.

But the workers will find it very difficult to pay their insurance deductions in face of a continual rise in the cost of living.

Gibraltar is now having to solve problems it should have faced at least twenty-five years ago.