

Gibraltar: a case of simultaneously undermining the UK ...

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Simon Jenkins is an annoying writer. On occasion his opinion is close to loathsome; on others so accurate that he can easily justify his position as a columnist, anywhere. This morning's [Guardian has brought an example of the second type of article](#), in which he says in response to British warships being sent to Gibraltar this week:

The British empire had much to be said for it, but it is over — dead, deceased, struck off, no more. The idea of a British warship supposedly menacing Spain is ludicrous. Is it meant to bomb Cadiz? Will its guns lift a rush-hour tailback in a colony that most Britons regard as awash with tax dodgers, drug dealers and right-wing whingers? The Gibraltarians have rights, but why British taxpayers should send warships to enforce them, even if just "on exercise", is a mystery.

Any study of Britain's currently contentious colonies, Gibraltar and the Falklands, can reach only two conclusions. One is that Britain's claim to them in international law is wholly sound, the other is that it is nowadays wholly daft.

He is right, of course. As he adds:

Relics of the British empire now mostly survive in the interstices of the global economy. They are the major winners from the fiscal haemorrhage that has resulted from financial globalisation. Many have become synonymous with sleaze. American tax authorities wax furious over Bermuda. George Osborne is out to get the tax dodgers of the Caymans and British Virgin Islands.

Spain has long held grievances over Gibraltar's role in aiding people smuggling, money laundering and offshore gambling beyond its own regulatory reach. This culminated in a [2007 IMF report](#) on shortcomings in the colony's financial regulation. Gibraltar's status as a tax haven has brought it surging wealth, fuelling Spain's rage at so much money pouring untaxed through what it regards as its own territory.

Such colonies claim to be "more British than the British", except that they pay no UK tax and act as tax havens for funds from Britain. Gibraltar has made a particular

specialism of internet gambling. Colonies claim allegiance to the crown, but not to its exchequer, or its financial police. They are Churchillian theme parks of red pillar boxes, fish and chips and warm beer. But they want the smooth without the rough. When the neighbours cut up nasty, they demand that those whose taxes protect them should send soldiers, diplomats and lawyers to their aid.

Quite so, and not just in Gibraltar. Almost all our tax havens would show the same enthusiasm Jenkins' notes when a [2002 Gibraltar referendum gave 98% support](#) for continued colonial status. Of course they did: they pay 30% income tax, 10% (notionally) corporation tax and almost no other tax and yet can summon the UK navy to defend them whenever they wish. Anyone in such a free-riding position is bound to favour continuation of the abuse from which they benefit. And as Jenkins concludes:

Meanwhile, the inhabitants of Gibraltar can go on voting "to stay British" as long as they like. But if they do not accept the taxes and disciplines most Europeans accept, while sucking business from Europe's financial centres, they can hardly expect one EU state to protect them from another. An occasional six-hour queue at La Linea is a small price to pay for declining to join the real world.

Absolutely right.