



Written by [Michael Tennant](#) on September 23, 2010

Scots Try to Snuff Out Cigarette Smuggling

With tobacco smuggling on the rise because of high taxes on cigarettes in the United Kingdom, Scottish government officials and anti-smoking activists met in Perth, Scotland, on September 20 to discuss ways to combat such smuggling, according to the *Courier of Dundee*, Scotland. The outcome of their meeting will be a report to the Scottish government.



One might think that a transaction between buyer and seller in which no one is coerced, which is what happens when a cigarette smuggler sells his wares to a willing buyer, is the very definition of a victimless crime — which is, of course, no crime at all. However, this leaves out of the equation one very important fact: The government rakes in a handsome profit from the legal sale of tobacco products. The U.K. government took in an estimated \$16.4 billion in taxes from the sale of tobacco products in 2009-10, [according to the U.K. Tobacco Manufacturers' Association](#). The TMA also notes that “the total tax burden (excise duty plus VAT) accounts for 90% of the price of the cheapest cigarettes on sale in the UK.” Little wonder, then, that “the UK experiences a high level of smuggling and crossborder shopping in tobacco products,” with the TMA estimating that “in 2009 around 21% of cigarette and 58% of handrolling tobacco consumption was” illegal.

To the taxman, then, every pack of cigarettes sold outside the government’s control means a significant loss of revenue. Sheila Duffy, chief executive of the anti-tobacco organization [Action on Smoking and Health Scotland](#), told the conference that smugglers deprive the U.K. treasury of nearly \$4.7 billion annually. (At least the smugglers come by their loot by free exchange; the government just takes it by force.) Therefore, while to the naked eye an illegal tobacco transaction might appear to have no victims, the government clearly sees itself as one.

Det. Sgt. Allan Orr of the Scottish Crime and Drug Enforcement Agency, in fact, “warned that the production of counterfeit cigarettes was not a victimless trade,” writes the *Courier*. However, like the fear peddlers of the U.S. government warning us that buying illegal drugs funds terrorism, Orr “said



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those behind [cigarette smuggling] were often involved in drug dealing and human trafficking,” according to the newspaper.

Undoubtedly this is true to some degree. Someone willing to circumvent one prohibition is likely to be willing to circumvent others. Prohibition always creates such criminal classes; think of Al Capone or the Medellin Cartel. While the U.K. hasn’t yet prohibited tobacco outright, its excessive taxes on cigarettes have created a profit-making opportunity for anyone who can afford to smuggle in cigarettes and sell them at a lower price, resulting in a similar type of criminal class.

Duffy, whose organization favors high cigarette taxes as a means to snuff out smoking, played up fears of smoking and organized crime even more than Orr, displaying the zealot’s typical fervor in her remarks, as reported by the *Courier*:

“Many people think of buying illicit goods as a victimless crime — it is far from that,” she said. “Tobacco is a product that kills and its highly addictive nature means it is very easy to become hooked on this lethal product.

“Cheap sources of illicit tobacco that are readily available to teenagers are damaging to both health and social policies and can lead to them taking up smoking, continuing to smoke, and smoking increased quantities.

“The criminal gangs getting cheap fake or smuggled cigarettes on to our streets are the same gangs that are using their supply routes to get other illicit goods on to the black market including drugs, arms and other illegal goods.”

She also resorted to the last refuge of the nanny-state scoundrel, adding that preventing cigarette smuggling helps “the children.”

Thus do zealous activists and money-hungry governments work hand-in-hand to deprive people of their liberties — in this case, the liberty to engage in commerce at market rates. The former get influence and achieve some of their objectives; the latter get money and power. Everyone else gets the shaft.

If the Scottish government really wants to stop cigarette smuggling, it has only one choice: Tell London to cut tobacco taxes. Lower prices would immediately put smugglers out of business and reduce associated crime. Trying to maintain *de facto* prohibition via taxation is trying to repeal the law of supply and demand, which fails no matter how many times governments attempt it. Put that in your pipe and smoke it.



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