



WASTE REPORT for February 16, 2016

Government Waste? You Bet

It is estimated that annually, sports betting could generate as much as a \$1 trillion in revenue worldwide.¹ Maybe even you have put a few dollars down on a game yourself, but even if not, **the federal government is using \$30,000 of your taxes to bet on a study of Ugandan gambling practices.**²

The study, being conducted out of the University of California-Berkeley and funded by the National Science Foundation, is part of a doctoral dissertation (a student's research) aimed at exploring the prevalent practice among Ugandan entrepreneurs of seek business capital through sports betting.

It is hard to see what benefit the U.S. taxpayer gets out of funding research on Ugandan gambling, but the study (and NSF's funding of it) seems all the more ridiculous when we consider why small business owners are betting in the first place.

Earlier research found that nearly half of men in the **"informal" sector participate in sports betting (which is legal in Uganda),**³ and this study seeks to build on that by exploring the effects gambling has on business. Of course, "informal sector" is a nice way to say black market.

In fact, nearly **60 percent of the entire Ugandan non-farm workforce is employed in the black market.**⁴ Given that banks are generally hesitant to make loans to unlicensed businesses; **it should not be a surprise to anyone that these entrepreneurs are seeking financing through non-traditional means.**

More than that, black markets are a natural outgrowth of excessive government manipulation of the economy,⁵ which makes operating outside the law preferable. With such a large a black market in Uganda, it should be obvious that the government is having a larger negative impact on business and families than gambling. Perhaps **the better area to look into is what specific government policies are driving so many Ugandan businesses underground.**

In any case, this should be the concern of the people and government of Uganda, not the U.S. taxpayer.

Uncle Sam: taking the over on waste.

¹ *Statistics and facts on Sports Betting*; Statistica; New York, NY; Feb 2016

² Magruder, Jeremy, *Testing the Links between Savings, Credit, Betting, and Consumption among Small Business Owners*; University of California- Berkeley; Berkeley, CA; July 2015. NSF Award Number: 1530852

³ Ibid

⁴ Yawe, Bruno L., & Ssengooba, Kizito; *Gambling and Mobile Money Payments: A Case Study of Sports Betting in Uganda*; Makerere University; Kampala, Uganda. August 2014

⁵ Fontinelle, Amy; *The Mechanics Of The Black Market*; Investopedia; September 2012

