Overview:
This class is about the economics of sin. As a working definition, sin will refer to goods and services that people demand but the sale of which is subject to public moral condemnation. These include transplantable organs, legal and illegal intoxicants, and sex. We will use the tools of economic analysis to consider the effects of various policies and regulations, both in terms of market outcomes and their broader social influence. We will also use economic analysis to address the evolution of ethical rules. We will also evaluate social outcomes from a number of different ethical positions, including deontological, libertarian, utilitarian and paternalistic perspectives. In doing so, we will be asking how economics and ethics interact and whether, or to what degree, markets can be used to further moral objectives.

Course Materials:
Most of the readings are available on nexus. In addition, you should purchase a copy of Miron, Drug War Crimes, which is available at the bookstore. You are expected to bring printed copies of the articles to class so we can discuss them in detail.

Evaluation:
<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reading Quizzes</td>
<td>Almost daily</td>
<td>20%</td>
</tr>
<tr>
<td>Class Participation</td>
<td>Daily</td>
<td>20%</td>
</tr>
<tr>
<td>Midterm Exam</td>
<td>May 4</td>
<td>25%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>TBA</td>
<td>35%</td>
</tr>
</tbody>
</table>

Class Participation: Active and insightful participation in class discussions is expected. Readings are available online on nexus. Most of the time, you will have a discussion guide to help you prepare for discussion.

Reading Quizzes: On days for which there is a discussion reading, there will be a quiz at the start of class on a simple aspect of one of the readings. The quiz will be graded as 0 or 1.

Homework: Problem sets for each topic are posted on nexus. They are not graded, but are designed to give you an idea of the kinds of problems I expect you to be able to do. You are encouraged to work on the homework in groups.

Laptops and Cell Phones: No laptops. Looking at your cell phone will cost you a point on your final grade.

Honor Code: Academic honesty is central to my expectations and your experience at Union. The Honor Code applies to all work done for this class.
Course Outline

I. Ethics and Economics

a. March 30: Introduction to Ethical Reasoning
   i. Lecture: “Introduction to Ethical Reasoning: Deontology, Libertarianism, Utilitarianism, and Egalitarianism”
   ii. Case Study: Motorcycle Helmet Laws

b. April 1: Evolutionary Perspectives on Ethics
   iii. Handout: Game theory and the prisoner’s dilemma.

c. April 3: The Evolution of Cooperation
   i. Poundstone: “Survival of the Fittest” from The Prisoner’s Dilemma.
   ii. Lecture: Reciprocal Altruism

d. April 6: Of Markets and Morals
   i. Lecture: The Ethical Evaluation of Market Equilibria
   ii. Handouts: Computing Economic Surplus, Ethics of Equilibria

e. April 8: Paternalism and the Economics of Self Control
   ii. Lecture: Paternalistic Libertarianism
   iii. Handout: The Economics of Self Control
   iv. Homework #1: Ethics and Economics

II. The Market for Transplantable Organs

a. April 10: The Market for Transplantable Organs

b. **April 13: Ethical Perspectives on Organ Sales**  

c. **April 15: Exploitation, Distribution and Kidney Swaps**  
   iv. **Handout**: Kidney Swaps and Economic Surplus.  

d. **April 17: Blood and Altruism**  
   ii. **Lecture**: The Market for Blood  
   iii. **Homework #2**: The economics of transplantable organs  

III. **The Economics of Crime**  

a. **April 20: Crime and Punishment**  
   ii. Levitt and Dubner “Where have all the criminals gone?” in Freakonomics, 2005.  

b. **April 22: The Economics of Risky Behavior**  
   i. **Lecture**: Risk and Impatience in utility functions  

c. **April 24: Economics of Organized Crime**:  

iii. **Homework #3**: The Economics of Crime

IV. **Externalities, Taxes and Addiction: Cigarettes**

a. **April 27: Externalities and Cigarette Taxes**

b. **April 29: Economics of Habits and Addiction**

c. **May 1: Rationality and Addiction:**
   iii. **Lecture**: Economic Models of Addiction
   iv. **Homework #4**: Externalities, Taxes and Addiction

*May 4: Midterm Exam*

V. **The Market for Sex: Marriage, Divorce, Infidelity, Polygamy and Prostitution**

a. **May 6: The Marriage Market:**

*May 8: Steinmetz Symposium: No Class.*

b. **May 11: Polygamy and Infidelity**
May 13: Ethical Perspectives on Prostitution
   i. Shrage “Prostitution and the case for decriminalization,” Dissent 43, 1996, 41-45
   iii. Interview with Carol Leigh: https://vimeo.com/82925011.

May 15: Economics of Prostitution

May 18: Prostitution and Human Trafficking
   iii. Homework #5: Economics of Sex.

VI. Illegal Markets: Prohibition and The War on Drugs (3 weeks)

a. May 20: The Prohibition of Alcohol in the US

b. May 22: Introduction to the War on Drugs:
iv. Quiz 7

c. May 25: The Economics of Prohibition
   i. Lecture: Data on Drug Prices and Drug Use. **MacCoun and Reuter, Chapter 2, in Heresies.
   iii. Note: Quantity restrictions.

d. May 27: Supply-Side Drug Control Policies
   ii. Handout: the economics of confiscation and eradication programs.
   iv. Homework #6: Economics of Prohibition

e. May 29: Drugs and Crime
   i. Miron, “Prohibitions and Violence,” Chapter 4, Drug War Crimes.
   v. Quiz 8

f. June 1: Marijuana
g. **June 3: Heroin Policy**
   iii. **Lecture:** Price Discrimination in the Market for Heroin

h. **June 5: The International War on Drugs**
   i. Thoumi, “Illegal Drugs in Colombia: From Illegal Economic Boom to Social Crisis,” ANNALS, AAPSS, 582, July 2002
   iii. **Quiz 9**