



The Five Million Dollar Baby

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Alcohol consumption during pregnancy is a negative externality with costs that reach into everyone's pocket. A woman's drinking while pregnant can cause far-reaching and costly problems for her developing baby. An externality is defined as the uncompensated impact of one person's actions on the well-being of a bystander. Drinking during pregnancy is a negative externality because the woman's action has detrimental effects on her unborn child that last a lifetime. FAS (Fetal Alcohol Syndrome) is a group of birth defects and mental disorders that result from prenatal exposure to alcohol. (1) ARND (Alcohol Related Neurodevelopmental Disorder) is more subtle than FAS, but just as serious. FAS and ARND affect 1% of all live births, or 40,000 new cases each year in the U.S., resulting in a high incidence of babies born with birth defects, learning disabilities, behavior disorders, and neurological defects. (2)

In the book Principles of Economics, the consumption of alcohol is mentioned as a negative externality by stating that consumers who drive under the influence risk the lives of others. (3) While drunk driving is recognized as being detrimental to individuals and society, not much attention is paid to drinking and procreation. The consequences impact the child, the family, and society at large.

As a governmental response, some legislators might try to raise taxes on alcoholic beverages (an example of a pigovian tax), but the alcohol industry's lobby is strong enough to pose obstacles to this solution. Center for Disease Control and Prevention (CDC) is researching the incidence of FAS to determine where to allocate prevention efforts. This is a costly and time-consuming measure, but a necessary first step. (1)

The Coase Theorem states that private parties can solve the problem of externalities on their own if they can bargain without cost over the allocation of resources. (3) An example in this case can be found in California, where a woman began a program which offers \$200 to any female addict or alcoholic of child-bearing age who is willing to be sterilized. This program is controversial, but has gained support and is practical and effective.

Another solution is through private endeavors. Two examples in this area are the grass roots efforts to raise awareness (FAS Community Resource Center in Tucson and FASworld on a global level) and through charitable organizations (the Arc of Arizona and Pima Council on Developmental Disabilities) which support prevention and intervention projects. (1)

According to a U.S. government report, it costs taxpayers \$2.1 billion to treat individuals with FAS disorders for just one year. (4) The annual costs for special education and juvenile justice for all alcohol affected children is \$1.2 billion per year. (5)

The coordinator of the FAS Community Resource Center states that the actual lifetime costs for one particular child with FAS is almost five million dollars: \$1,496,000 for medical costs, \$530,000 for psychiatric care, \$354,000 for foster care, \$12,000 for orthodontia, \$6,000 for respite care, \$240,000 for special education, \$624,000 for supported employment, \$360,000 for SSI, and \$1,376,000 for residential placement. The \$5 million figure does not include opportunity costs, which are probably considerable. (1) Costs of residential care range from \$2,000 per month for a group home to \$4,500 per month for prison to \$24,000 per month for psychiatric hospital care. Studies show that 60% of individuals with FAS/ARND end up in an institution (mental health facility or prison). (6)

Social costs not analyzed here include the poor quality of life of the individual with FAS and lost income of the individual and of the stay-at-home caregiver (in most cases, an adoptive mother). (6) Most individuals with FAS have a lower IQ than normal, but not low enough to qualify for services for the disabled. However, only 10 percent of these individuals can achieve independence; most adults with FAS require long-term support with close supervision for the rest of their life. (6)

In Canada, the cost of FAS now exceeds that of that country's national debt. Bonnie Buxton, founder of FASworld based in Toronto, states, "Just caring for people now alive with fetal alcohol syndrome and fetal alcohol effects will cost us at least \$600 billion, which is the approximate size of the national debt." (7)

Some might say there is a beneficial effect of the growing incidence of FAS: it's good for prison business. According to some research, as many as half of the young offenders appearing in court have FAS. (8) Besides having poor judgment and lack of impulse control, many persons with FAS are destined to become alcohol abusers, all of which makes them vulnerable to committing crimes. Alcohol alone is involved in seven times more violent crimes than all illegal substances combined. (9) Education and treatment is seven times more cost effective than arrest and incarceration for substance addiction, yet we continue to spend more tax dollars on prisons than treatment. (9) The Justice Department reports that the cost per prisoner per year is \$13,500. (10) In the US, over two million people are now locked up. (10) That gives us the highest incarceration rate in world history. Prison is a big business that combines government interest with private enterprise and is a fast-growing industry. But, in the long run, if we lock up FAS victims who can't learn from their experience and who repeat their crimes after release, the costs to the taxpayer will escalate to unheard proportions. After having spent almost one trillion dollars on the war on drugs, perhaps our country needs to look more closely at the root causes of alcoholism and crime, including the FAS connection. (9)

In spite of increased knowledge about the dangers of drinking during pregnancy and warning labels on alcoholic beverage containers, more women are drinking during pregnancy than ever. (1) FAS has become the leading cause of mental retardation in western civilization. The economic costs of alcoholic pregnancies will impact society more as these children grow into adulthood.

The impact of just one such child can be devastating. No one understands this externality better than my brother, my mother, and myself. My adopted older brother, John, has Fetal Alcohol Syndrome. He is the "Five Million Dollar Baby." Even though he is a physically

mature adult, he has the emotional and social development of a child. He appears to be intelligent and capable, but he requires constant supervision by my mother and myself. My family does not have the freedom that other families enjoy. My mother cannot pursue a career and all her resources are spent on securing a safe environment for John. She worries about what will happen to John in the future. And that burden will be passed on to me one day. While my family bears the emotional cost, the taxpayer will pay the price for John and the 2 million other affected individuals in the U.S. (5)

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