THE ECONOMICS OF INFERTILITY

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ABSTRACT

Infertility is a growing issue that affects thousands of Spanish couples; increasingly there are more and more people who cannot raise a family by themselves. Instead they have to resort to ART, adoption -local or international- or surrogacy abroad, a practice that many couples consider but that isn’t legalized in Spain. In this paper we have broken down each option in detail by analysing the market, differentiating its variants and specific steps, calculating its “price” and suggesting possible improvements that could be made from an economic perspective.

We end our paper with the “SWOT” analysis of a hypothetical surrogacy market in Spain by calculating an estimated price, using the US as a reference, and the degree of acceptance it would have, based on the results of random surveys.
A special thanks to all the people who took the time to answer our surveys; to the IVI clinic in Barcelona; to the VDA agency and Sebastián Expósito for his special insight and both personal and professional understanding of this subject, the organization AAiM\(^1\) for helping us when nobody else did!; and, above all, to our mentor for the second time round, Lluis Mosella, who believed in this project and has been an essential source of guidance and knowledge for us throughout this process.

\(^1\) An ECAI that deals with adoptions from Russia in Barcelona.
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INTRODUCTION

Starting a family is a goal that most people set for themselves (along with winning the lottery, marrying a supermodel and becoming ridiculously successful and happy). It’s the realistic part of our “life plan” that we take for granted, because surely having a baby is the most natural thing in the world?

In actual fact for a lot of people it isn’t that straightforward. From couples struggling with infertility issues to homosexual couples also wanting to become parents, there are many people who have to find an alternative way to make this dream come true.

Many turn to assisted reproduction methods, others to adoption and some have even dared to enter surrogacy arrangements abroad, although the Civil Code in Spain specifically bans this practice within the country.

The aim of this paper is to investigate these three options from an economic point of view. This involves not only calculating their individual “prices”, but also analyzing the current supply and demand of available children, recommending possible improvements that could be made to each system, etc.

Based on our research, local adoption costs nothing monetary wise but has a 9 year waiting list; adopting a child from Russia will take only 18 months, but will cost you about 30.000€; and lastly, renting an “American womb” boasts a price tag of over a hundred thousand euros.

In order to achieve this we used various sources of information: books on adoption, other papers, the Catalanian Administration, private clinics and agencies, face-to-face interviews with professionals in the sector, official statistics and “homemade” surveys.

We came up with some surprising results which we will share with you in the following pages.
A STEP PRIOR TO ADOPTION: FERTILITY TREATMENT

In the last few decades medicine has advanced in leaps and bounds making it possible for couples that suffer from infertility problems to undergo special treatments and have a baby.

The number of women receiving this type of medical attention doubled in Catalonia between 2001 and 2010 and according to recent statistics published by the Department of Health of the Generalitat, around one fourth of all couples will suffer from infertility problems at some point in their lives.

Currently 15% of couples are infertile and more than half of them seek advice and help from doctors specialised in assisted reproduction treatments.

There are 2 main reasons that this is becoming such a popular option: firstly, as we said before, the techniques used are becoming more sophisticated and therefore there are higher success rates; secondly because more and more women are postponing their maternity age and age is not fertility’s friend. This is reflected in the basic profile of the women receiving this treatment: 77.8% of women

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2 This is calculated as the incapacity to conceive a child during 1 year of trying.
treated are older than 34 (we will see later on in the paper than infertility drastically rises around the age of 35) and a whopping 65% are between 35 to 44 years old. Logically, success rates also decline the older a women is, as we can see in the graph above.

**How have we calculated this cost?**

We have only estimated the price of private treatments due to Catalonia having stopped public financing of Human Assisted Reproduction Treatments last year.

Based on statistics, that can be found in our annex, we have calculated the cost of IVF/ICSI treatments, with 2 fresh oocytes per cycle, using the partners sperm and fresh embryos.

**Final prices:**

The final cost of these treatments (with the specific characteristics explained above), on the first attempt, is anywhere between 6500€ and 8500€. The fact that every additional treatment has decreasing marginal costs is important too; the more cycles done the fewer tests a couple are likely to need as doctors will have a better idea of what’s going on and what’s necessary.

**How many cycles of fertility treatment on average do couples have?**

We have estimated the average number of treatments that women go through until having a baby by dividing 1 into the success rates. With these numbers and the percentage rates of treatments received for each age group we calculated the average number of attempts for women in general and multiplied it by 4900€ which gave us an estimated final cost of 27,649,97€ to have a baby with IVF.

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3 This is the average price provided from a series of clinics in Barcelona.
LOCAL ADOPTION

“Local adoption” in Spain doesn’t exist as a whole. In practice it constitutes a sort of puzzle whose pieces represent each autonomous community. This is because each of these regions, in accordance with articles 149.8 and 148.1.20 of the Spanish Constitution, has the competence to decide the suitability of potential adopters and which minors can be declared adoptable.

At this point in time many autonomous communities aren’t accepting any new applications (as we will see later on) and waiting times for an assignment can also vary greatly from community to community within the same profile.

The number of local adoptions has remained quite stable over time, averaging at just over 800 a year. These adoptions have no economic cost; however the waiting period in many communities is a shocking 9 years.

Does this mean that there’s an excess demand? Are there very few abandoned children in Spain? At a glance your answer would probably be affirmative; however this analysis is a lot more complicated than the simple intersection of supply and demand in a basic microeconomic diagram.

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a glance your answer would probably be affirmative; however this analysis is a lot more complicated than the simple intersection of supply and demand in a basic microeconomic diagram.

In 2010 there were a total of 41,155 children in care and 13,305 adoption applications in Spain. If the number of children in care was three times higher than the number of people willing to adopt, why were there so few adoptions in comparison?

The **first reason** is that, although there are a lot of children in care, the majority aren’t adoptable due to the existence of family ties. A child can only be adopted in three circumstances: when its parentage is unknown, when the parents give their consent to the adoption or when they’re deprived of their parental rights by a judge. This is because Social Services make it their top priority to work with the family going through difficulties so that they can eventually be reunited with their child. The child therefore is only in care temporarily and would benefit more from other measures such as being looked after by a foster family. The problem is that this “temporary measure” of protection by the state often turns into one that lasts until the child is 18. Even if the temporary measure becomes a permanent one after a few years; the child will now be older, possibly have various psychological problems derived from spending crucial development years in a care home, and, as a consequence, be less likely to be adopted.

The **second reason** is that we’re talking about a very heterogeneous “product”. There are children older than 6, children belonging to different ethnic groups, children with serious health problems, brothers and sisters that can’t be separated, etc. Even though these children are legally adoptable, there aren’t many people with the will or capacity to integrate them as sons/daughters into their family.

From the graph below we can get an idea of this incompatibility. Whilst an 80% of children in care are over the age of 6, a clear majority of adoptions that take place are of infants under the age of 5.
We can take an educated guess that the preference of the demand is quite standardised: a healthy, young child (preferably a baby). After talking to the Administration we realised that this ideal child doesn’t actually exist. Fewer and fewer babies are being put into care. This could be due to various factors such as legalized abortion, widespread birth control, a reduced stigma on unwed mothers who keep their children or even certain economic incentives (policies against ageing population, i.e. “familia numerosa”).

The third reason is to do with the matching process. Due to the heterogeneous supply which we’ve just talked about and the existence of adoptable children that require a specific and rare demand, the current adoption system only aggravates the problem. Maybe an 8 year-old child with special needs in Asturias can’t be found a family there, but somebody who lives in Madrid would be happy to adopt him/her. This particular supply and demand would never be matched as somebody who lives in Madrid is only allowed to adopt children in Madrid’s care. This causes inefficiencies and leads us to ask why this particular person could adopt from China or Russia, but not from somewhere less than a few hundred kilometres away.
As we can see from the charts above, Catalonia constitutes a hefty slice of the Spanish pie when it comes to adoptions (a 12% of overall local adoptions and a 20% of children in care). According to the Catalonian government’s (“Generalitat”) official webpage the infants available for adoption embody a very heterogeneous group and present the following characteristics: healthy children with family history of mental health disorders and/or intellectual disability, children with chronic diseases and/or mild development delays that may require treatment, siblings and children with special needs. Moreover it states that the number of ideally valued families who currently want a child from the age of 0 to 3 without problems is superior to the number of infants available for adoption.

At the present moment there is a transitory suspension of the family evaluation processes in place due to the number of approved applications being three times higher than the number of pre-adoptive placements that took place the year before. This suspension, however, doesn’t apply to children with special needs, confirming our theory that there is only an excess demand for a certain type of child.
INTERNATIONAL ADOPTION

Spain, a leader in international adoption

Spain is currently one of the leaders in international adoptions, only surpassed by Italy and the USA in absolute terms. In 2011 it was the receiver of a whopping 2,560 foreign children who had finally found a home. However, if we calculate the adoption rates (adoptions per 100,000 inhabitants) of the 5 countries with the largest number of international adoptions we can see that the order changes, with Spain coming a close second to Italy and the USA dropping to last place.

It’s curious that Spain and Italy (with the exception of Germany and Andorra) are precisely the two countries with the lowest fertility rates out of the countries selected above. We can observe a negative correlation between the adoption and fertility rates (represented in the graph below) and, when extending this analysis to all of the countries, the same relationship also held.
This makes us think that fertility rates could be an indicator of the possible demand for adoption; however we must point out the obstacles that prevent us from labelling their connection as “direct”. Women may remain childless out of choice and, if this is so, fertility rates will have no effect on the number of adoptions taken place. A more reliable variable would be the “desired number of children”, since a study in the USA based on the National Survey of Family Growth showed that a majority of individuals or couples that decided to adopt made this decision because they wished to have more children than they were able or willing to bear.

People who are biologically unable to bear children must resort to adoption (or similar practices) if they wish to become parents and this theory is supported by a great number of studies that have concluded that sterility is often associated with a higher propensity to adopt. Therefore, one of the variables that we can say for sure is a determinant of the potential demand for adoption is the number of couples where at least one partner is sterile or sub fecund. In Spain experts have estimated that
approximately a 15% of couples have sterility problems and, as we can see in the graph below, the likelihood of sterility increases as age increases.

The graph to the right contains the results of various studies that have analysed the number of children born according to the age of the child bearer in communities that don’t use anti-contraceptive methods (either because they hadn’t been discovered yet or because they’re completely rejected by a certain culture).

Other statistics show that sterility at 30 years of age is 6 times higher than at 20. It has then duplicated again by the time you’ve reached 40. The biggest decrease in fertility begins during the mid-thirties. Among women who are 35, 95% will get pregnant after 3 years of having regular unprotected sex. For women who are 38, only 75% will get pregnant after 3 years of unprotected sex. (Note that sterility or infertility is normally defined as a year of trying and being unable to conceive. This is because the probability of a standard fertile couple conceiving within a year of trying is almost equal to 100%).
The point of the previous analysis is to demonstrate that factors influencing the timing of fertility are important determinants of the number of children a woman has and, hence, of whether desired family size is achieved. A late start to childbearing may mean that a couple will be unable to have as many children as they would like, especially if the desired number of children is large.

Spain is a perfect model of this phenomenon. If we observe the average age at which a woman gives birth to her first child (30.1 in 2011) or her gets married and compare it to other European countries (average for the UE = 27.7) or the USA (25.4), we can conclude that Spanish women do tend to postpone childbearing until much later. This could be due to various factors such as effective birth control methods, safe and legal abortions, better access to college education, greater participation in the labour market, low salaries, inflexible work hours, less government subsidies, etc.

If these women then find that their time has run out and they are unable to have as many children as they would have liked, they may turn to adoption.

Trends in international adoption

Spain’s number of intercountry adoptions peaked in 2004 at 5,541 children after a steady rise from the 1990s. By 2008 it had fallen to approximately 3,000 – less than in 2001- and the decline has continued during the past few years (from 2004 to 2011 there’s been a 46% drop). This clear up-and-down pattern isn’t exclusive to Spain. The same occurrence has happened globally, whether you
consider separately each of the receiving countries or whether you look at inter-country adoption as a whole.

Adoption advocates argue that the reason is attributed largely to crackdowns on corruption ("baby-selling", “baby-kidnapping”, etc.), countries that are putting more effort into placing children with domestic families, a set of strict international guidelines known as the Hague Adoption Convention and a suffering world economy. In reference to the last possible factor, we need to keep in mind that international adoption is not cheap. How much are we looking at? We dedicate a later section to calculating this cost, but we can assure you now that it’s probably more than your new family car. If we compare this graph to the earlier graph on local adoptions we can see that the latter have remained stable over the years. There are no fluctuations due to the initial “investment”, simply because there is no initial investment. Local adoptions, as we have mentioned beforehand, have no pecuniary charge.
Why Russia?

When making the decision on which country to study in depth we considered various factors such as the average waiting time, the restrictiveness of every country’s adoption policy and the effective number of children that Spain adopts annually from each one.

Before embarking on this analysis we all had a preconceived idea that our “star country” would turn out to be China. If we had written this paper 5 years ago we would have probably been right; however, due to changes in Chinese adoption policies and new barriers being put up by the China Centre for Children's Welfare and Adoption (CCCWA), it is now almost impossible to adopt a Chinese baby (the waiting period is over 6 years).

The data on Spanish adoptions per country of origin represented in the graphs below is quite exhaustive. Nonetheless we considered that it was important to know where all these children were coming from!

Russia now takes the first place on the Spanish international adoption scale and after having read about their legal requisites, availability of infants (children from 0-3 years old) and average waiting period, we now understand why.
All international adoptions in Catalonia have to take place through the ICAA (l’Institut Català de l’Acolliment i de l’Adopció), although after you’ve submitted your application, expedients are normally processed through an ECAI (Entitat Colaboradora d’Adopció Internacional). We’ve elaborated a simple diagram on the process you have to follow so that when we talk about the different costs they will be easier to comprehend:

**Adoptions per continent of origin 2011**

- **AFRICA**
  - ETIOPÍA: 82%
  - MALI: 4%
  - OTHERS: 14%

- **LATIN AMERICA**
  - BOLIVIA: 15%
  - COLOMBIA: 10%
  - PERU: 9%
  - OTHERS: 66%

- **ASIA**
  - CHINA: 85%
  - FILIPINAS: 3%
  - INDIA: 5%
  - NEPAL: 5%
  - OTHERS: 2%

- **EASTERN EUROPE**
  - RUSSIA: 82%
  - HUNGRIA: 5%
  - KAZAJSTAN: 5%
  - UCRANIA: 2%

**STEP 1**

Collection of basic information

From:
1. Generalitat
2. ICCA (informative sessions)
3. ECAI
4. Associations of Adoptive parents
**STEP 2**
Application

**STEP 3**
Assessment of suitability

This is performed by the ICIF. Social workers and psychologists, who are specialised in this field, study the capability and motivation of applicants. This should be finalized in no longer than 8 months since application. Without this certificate it is IMPOSSIBLE to adopt in Spain.

**STEP 4**
Resolution of Suitability Certificate

Submission of application to ICAA accompanied by all necessary documentation and specifying ECAI you have picked.

**STEP 5**
Processing of adoption dossier

When adopting form Russia it is mandatory to go through an ECAI. The suitability certificate along with all other required documentation are sent to country of origin.

**STEP 6**
Waiting time

From Russia it is usually under 2 years

**STEP 7**
Allocation of infant

Measures will need to be taken in Spanish consulate for a passport/travel visa for child

**STEP 8**
Meeting and collection of infant

**STEP 9**
Bring infant home + Post adoptive care
The general requirements to be able to adopt a Russian child are: age of 25 or over, a 16 or more year age gap between prospective parents and the adopted child, married couples (a man and a woman) or single women. The Russian government has no rules about number of children in the household or a certain amount of income per family member (unlike China). There is, nevertheless, an increased focus on the mental and physical health of adopting parents.

Additionally in the initial psychosocial evaluation that has to be conducted by an “ICIF” before your application is even deemed suitable by the Administration (in Catalonia the ICAA), there are many other factors that are evaluated such as: economic situation of the potential adopters, relationship stability, motivation, education, family environment, etc.

It’s interesting to point out that even though Spain permits adoptions by same sex couples, these adoptions de facto seldom take place. This is because, when adopting from another country, it’s that specific country’s rules that have to be taken into account and the majority of foreign countries expressly prohibit same sex adoption.

The Cost

Although, at this moment in time, potential adopters have more probability of getting their demands met internationally than at home, there is still one major hurdle that they have to overcome: the cost. This amounts to just over €30,000 and is portrayed in the tables below. The only cost not included in these tables is the initial psychosocial evaluation by an ICIF (Institució Col·laboradora d’Integració Familiar) which is €1,066.

![Estimated costs of international adoption](image)
Even though adoption is (or should be) an altruistic process that focuses exclusively on the needs of the child in question, the fact remains that there is still a “demand”, there is still a “supply” and there are many professionals involved (lawyers, civil servants, etc.) that have to be remunerated for their service. This is illustrated clearly in the pie chart with over half of the total cost consisting in a tariff charged by the public organizations that oversee the process. This money goes to maintaining these organizations and processing necessary documentation. The other main cost sources are the three obligatory trips to Russia (flights, accommodation, transport in Russia, interpretation, etc.). When estimating this cost we didn’t include extras such as food (as this money would be spent anyway independently of where the parents were) or opportunity costs such as lost income not working during these three weeks (we have assumed that they would use their holiday or maternity leave).

<table>
<thead>
<tr>
<th>TOTAL BASIC ECAI COSTS</th>
<th>€ 17,373.33</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indirect costs: tariffed prices</strong></td>
<td>€ 12,628.33</td>
</tr>
<tr>
<td>In Catalonia and the Spanish State</td>
<td>€ 4,968.33</td>
</tr>
<tr>
<td>Staff costs, infrastructures, maintenance of ECAI</td>
<td>€ 3,391.93</td>
</tr>
<tr>
<td>Parent Group</td>
<td>€ 391.40</td>
</tr>
<tr>
<td>Documentation management</td>
<td>€ 550.00</td>
</tr>
<tr>
<td>Programming, coordination, family travel</td>
<td>€ 250.00</td>
</tr>
<tr>
<td>Bank charges, administrative costs, general messaging</td>
<td>€ 100.00</td>
</tr>
<tr>
<td>Processing of dossier</td>
<td>€ 285.00</td>
</tr>
<tr>
<td>In Russia</td>
<td>€ 7,660.00</td>
</tr>
<tr>
<td>Staff costs, infrastructures, maintenance</td>
<td>€ 3,500.00</td>
</tr>
<tr>
<td>Processing costs of adoption/regional coordination</td>
<td>€ 3,160.00</td>
</tr>
<tr>
<td>Institutional relations expenses</td>
<td>€ 1,000.00</td>
</tr>
<tr>
<td>Direct costs: funding</td>
<td>€ 3,745.00</td>
</tr>
<tr>
<td>In Catalonia and the Spanish State</td>
<td>€ 955.00</td>
</tr>
<tr>
<td>Legalization/rates</td>
<td>€ 655.00</td>
</tr>
<tr>
<td>Service</td>
<td>Cost</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Mailing of dossier</td>
<td>€ 300.00</td>
</tr>
<tr>
<td><strong>In Russia</strong></td>
<td></td>
</tr>
<tr>
<td>Spanish translation into Russian and notary fees. Expenses derived from minor's record. Russian to Spanish translation and legalization of documents. Legalization process of minors' records.</td>
<td>€ 2,790.00</td>
</tr>
<tr>
<td>Charitable contribution purposes</td>
<td>€ 1,000.00</td>
</tr>
<tr>
<td><strong>Other services offered by ECAI</strong></td>
<td></td>
</tr>
<tr>
<td>Assistance, support and transfer for adopters in obligatory visits to orphanage, official meetings and other actions</td>
<td>€ 400.00 € 400.00</td>
</tr>
<tr>
<td>Accompaniment by interpreter in Moscow during the final stage of the second trip to complete formalities required in Spanish Consulate</td>
<td>€ 500.00 € 500.00</td>
</tr>
<tr>
<td>Monitoring reports post-adoption (4)</td>
<td>€ 118.60 / report € 474.40</td>
</tr>
<tr>
<td><strong>Costs for 3 trips to Russia (aprox. 1 week each)</strong></td>
<td></td>
</tr>
<tr>
<td>International flights (Spain-Moscow)</td>
<td>€ 500 / return € 3,000.00</td>
</tr>
<tr>
<td>International flight infant (Moscow-Spain)</td>
<td>€ 85 / one way € 85.00</td>
</tr>
<tr>
<td>National Russian flights (from Moscow to Novosibirsk)</td>
<td>€ 400 / return € 2,400.00</td>
</tr>
<tr>
<td>National Russian flight infant (from Moscow to Novosibirsk)</td>
<td>No additional cost € -</td>
</tr>
<tr>
<td>Hotels</td>
<td>€ 120 /night € 2,160.00</td>
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<tr>
<td>Adoption visas from Russian Consulate</td>
<td>€ 58 / visa € 348.00</td>
</tr>
<tr>
<td>Interpreter</td>
<td>€ 60 / hour € 1,080.00</td>
</tr>
<tr>
<td>Chauffeur</td>
<td>€ 15 / hour € 540.00</td>
</tr>
<tr>
<td>Notary fees</td>
<td>€ 100 / trip € 300.00</td>
</tr>
<tr>
<td>Medical evaluation</td>
<td>€ 400 / person € 800.00</td>
</tr>
<tr>
<td>Translation during court hearing</td>
<td>€100.00/total € 100.00</td>
</tr>
<tr>
<td>Processing of documents after the trial</td>
<td>€320.00/total € 320.00</td>
</tr>
</tbody>
</table>
CONCLUSIONS ON ADOPTION

As we have seen in the previous section, adopting internationally has a set of unavoidable costs, is operated under highly restrictive laws (belonging to both the country of origin and the destination) and requires a lot of organization and coordination between two different cultures, languages and adoption systems. It seems that there isn’t a lot that Spain can do to make this process any easier or more efficient; as the country with the power to make these decisions is the country with the “product” (we’ve seen this in practice with the cut-off of China’s supply of adoptable babies due to changes in their government policies).

Local adoptions, on the other hand, are a completely different story. We already addressed some of the problems and issues surrounding adoptions in Catalonia and Spain such as the heterogeneity of children in care, inefficiencies in the matching processes and an excess demand of infants that either don’t exist or aren’t adoptable as a result of the State prioritizing the biological parents (who spend many years running hot and then cold in their concern for their offspring). Time is these infants’ biggest enemy: the adorable baby in care who many couples would have loved to adopt turns into a “damaged product” that doesn’t fit most potential adopters’ ideal. This is the unpleasant reality. Children have turned into consumer goods, and adoption, in many cases, is used as a substitute for domestic production.

We are aware that many people would oppose to the treatment of this sensitive subject, which has so many moral and ethical considerations, from such a “cold” and economical perspective. Children obviously can’t be labelled as “products” with all the negative connotations and consequences that this classification would imply. Nevertheless, for the objectives of our simple analysis we consider it to be more than justified by the many analogies (if preferred the “good” can be called “parental rights” instead of the child itself). Yes it’s a highly regulated market, yes its object is very unique; but in its essential traits we can still consider it to be a market. As quoted by an American woman
whose daughter gave her child up for adoption: “the baby was a product, my daughter was the seller, the adoptive parents were the buyers, and the adoption agency was the baby broker”.

We believe that if Spain was more accepting of this idea, many improvements would be made in the local adoption system, benefiting everybody but, above all, the children in care. **What are the ideas behind these possible improvements?** A warning: they’re fundamentally economical:

1. **Information.**

One of the fundamental problems that we’ve had to overcome in this project is the lack of data, facts and figures about the adoptive children in care, the adoptive parents’ profiles, the reasons for adopting, average waiting time, etc. If there were more projects and information available on this subject, people would likely to become more conscientious and professionals would have a better idea of what they’re dealing with. After speaking to the Administration, we got the impression that adoption is still considered as quite a taboo and people working in the public sector are reluctant to give out information. Other countries have all the information you could want at the click of a mouse. The USA, for example, not only has in-depth statistics, but also instruments available such as maps that inform potential adopters on the number of children available for adoption in each region, their age, interests, etc.

2. **Marketing.**

We already know that there is a shortage of demand for older children in care, children with special needs, etc. We think that the system in place aggravates this problem by not even trying to create demand. Other countries have tools such as “photolisting” or “heart galleries” (websites that have photos of children waiting to be adopted and information on their achievements, hobbies, etc), “Wednesday’s child” (programmes that feature a different child in waiting every week) and shows or
exhibitions where people interested in adopting can meet these children. If you are simply given a piece of paper in which you have to indicate your preferences and wait for a social worker to make a match, it’s very unlikely that somebody will mark the box that says “a child over 3 with special needs”. If, on the other hand, that somebody had had a chance to see photos of these children, learnt a bit about what they liked to do, seen an interview or the child on a TV programme; he/she would probably be a lot more open to adopting a child instead of a baby. Far from treating these children as “things” the marketing process actually humanizes them to people looking to adopt.

3. Privatization and deregulation.

Maybe the adoption process would work a lot more efficiently in Spain if the State didn’t have the monopoly on it. In the USA adoption is still highly regulated, but at the same time there are many private adoption agencies and many types of adoption. In open adoptions, for example, birth mothers get more of a say in choosing their child’s adoptive parents and can pick the ones they’re most comfortable with. This system is especially attractive to parents who want to bond with a child from birth and the birth mother’s “expenses” are paid by the adopters almost as if she was a surrogate. There is also independent adoption in which you don’t go through an agency. You merely advertise extensively and then use a lawyer to screen prospective birth mothers you’ve found.

4. A price?

Judge Richard A. Posner’s Economics and the Law (1977) argued that buying and selling children on the free market would lead to better outcomes than the present government-regulated adoption. High rewards for surrendering children to adoption would yield greater numbers of children available and as the price paid for children is raised some women may decide not to have abortions or have more incentives to relinquish unwanted children. Child protection laws would still apply (just the same as
they’re applied to children who are biologically related to their parents) and although the rich would only be able to adopt, under the current system this tends to be the case anyway. There is also the argument that under the present system, grey and black markets for infants flourish with high prices being paid to doctors and lawyers acting as “baby brokers”.

We don’t necessarily agree with such an extreme point of view which, anyhow, would need to be extensively analysed taking many factors into account (above all that the children’s’ interests are effectively protected). We do, however, consider that Spain’s adoption system would benefit from opening itself up to more market orientated practices.
ANOTHER POSSIBLE OPTION: SURROGACY?

So far we have considered the two most common options for couples who are faced with infertility problems: IVF treatments and Adoption. But what if it was possible for your child to be 50% or even 100% biologically related to you and your partner? What if there was a way to have your baby and to know where it comes from, to know all about its medical background and to be proactive in making the choices of how it enters into the world and your into family? What if you could “grow” your baby from scratch? For many people these factors are of the utmost importance when deciding to start a family, and that is why they choose to have their baby with a surrogate mother.

Opinions on this method of conception vary widely across the world. Some countries have laws which explicitly ban any type of surrogacy (this is the case of Spain⁴), while others only allow uncompensated agreements like the UK. There are however, a small amount of places in the world that permit commercial surrogacy by law; this consists in paying a woman a fee for carrying your baby from scratch.

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⁴ However the BOE 7/10/2010 published the “Instrucción de la Dirección General de los Registros y del Notariado (DGRN), sobre régimen registral de la filiación de los nacidos mediante gestación por sustitución”, which allows children born by surrogacy elsewhere to be registered in Spain as the daughters/sons of Spanish “surrogacy tourists”.

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child to term. These are the countries that attract “fertility tourists”, like Spanish couples, who want to have a baby this way, but aren’t able to do it in their own country.

**Why California?**

In this paper we have decided to study the cost of a gestational surrogacy from the perspective of a Spanish couple living in Catalonia who contract a Californian surrogate mother.

We decided on California as it is where more than 90% of people choose to go for commercial surrogacy for 2 main reasons: firstly, it has over 40 years of experience in this market, with a wide choice of agencies, law firms and clinics specialized in the subject, giving people the sense of being in very capable hands. Secondly, and most importantly, California has a solid jurisprudence that has established the mother in a gestational surrogacy contract as “she who intended to procreate the child – that is, she who intended to bring about the birth of a child that she intended to raise as her own – is the natural mother”. This is an extremely important factor as it gives people complete legal security, reducing the risks and ambiguity associated with surrogacy in other countries.

There are many different views on surrogacy; critics have compared it to prostitution, baby-selling and rape, arguing that it involves the exploitation of poor women. In an attempt to prevent this possible exploitation agencies in California require potential surrogates to prove (along with a series of other requirements such as having her own children, submitting herself to psychological and physical tests, etc.) that surrogacy is not her main source of income; that money isn’t the only reason she’s doing it. This could be compared to a minimum wage law in a labour market. A minimum wage has many potential disadvantages such as higher unemployment, cost push inflation or an

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5 This is when the surrogate mother isn't biologically related to the child she carries; it is the type that nearly all agencies in California deal with as it avoids legal complications associated with the surrogate mother being biologically related to the child (traditional surrogacy).

6 This is the same assumption that we have applied to adoption and infertility treatments.

7 See Case of Johnson vs. Calvert in 1990

8 When you read the profiles of the surrogate mothers on agencies websites one of the reasons for doing it is always something along the lines of: “truly want to help others fulfil their wish of becoming parents”. 

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increase in the number of people working in black markets. On the other hand, a minimum wage could be socially desirable in order to prevent exploitation of workers.

The same goes for surrogacy. If we were to eliminate these strict requirements, more women (especially those with lower incomes) would turn to this method of earning, satisfying demand at a lower price and improving efficiency. But, that still leaves us with the question: would this be socially desirable?

We also found an interesting book published in 2006 called “The Baby Business” by Debora Spar, which analyses surrogacy from a commercial perspective. According to this book it would make sense for surrogacy to be outsourced due to the existence of a high demand in one part of the world (mainly the western world) and a lower-priced supply in another (mainly poorer countries). It compares a surrogate earning $20,000 in California which is only about 40% more than a full-time minimum wage worker, to a surrogate in Mexico that would be earning approximately 20 times as much as the minimum wage. Although nobody can disagree with this pure economic based point, it’s too simplistic. Seven years later we’ve found that there are many other important factors that potential consumers of this service take into account. These “bargain” international surrogacy markets now exist in countries such as Ukraine and India where the price of a surrogate is about a quarter of the Californian price. However, when it comes to such an important investment many people in Spain aren’t willing to take any risks and would prefer to pay more for a higher quality service with more guarantees and perceived control over the process.

There are various agencies in Barcelona available to people interested in this process who organise, coordinate and support potential parents. We were fortunate enough in having the opportunity to interview Sebastián Expósito, who is the founder of the agency VDA and one of the first single fathers in Spain to go through the surrogacy route in California.
Price of surrogacy

In the graph below we have summarised the different costs included in hiring a surrogate mother in California. Depending on whether the potential parent/s need a donor egg or not makes about a €17,000 difference in the price!

Surrogate mother fees represent the biggest chunk of the price tag at €32,000, including a monthly salary, an allowance for maternity clothes, medical insurance, etc. The price for all the fertility treatments sum up to nearly €29,000, and the fees paid to the agency in charge of coordinating the whole process and supporting potential parent/s, represent a considerable amount at nearly €14,000. Other basic costs include: money paid to lawyers in charge of all the legal aspects, and travelling expenses (people normally travel to the USA 3 times, spending €4,000 each time).
Lastly, there are “extra costs” that apply depending on each individual case: an experienced surrogate mother can cost up to €15,000 more; for each additional baby carried there is an additional cost added to final price, and if the surrogate has complications during the birth and has to undergo a C-section or any other invasive procedure, then the price will also increase.

Our final estimated price for surrogacy is anywhere between a humungous €111,734.25 to €134,434.25 (depending on extra costs) with an egg donor, and between €94,582.50 and €117,282.50 without one.

**What if Spain were to legalize surrogacy? SWOT analysis**

The first thing we did when considering legalising commercial surrogacy in Spain was to calculate the price of an American couple contracting a surrogate mother in California. Then, in order to estimate what the price would be in Spain, we adjusted it for relative average wages, as Americans earn around double the amount that Spaniards do! We think that this is a pretty accurate way of estimating this cost as the prices in a country tend to adjust to the average wages of the population; a theory that held when we compared specific prices in the 2 countries, for example an egg donor in America is paid about €6,000 while one in Spain is only paid around €1,000!

If an American couple were to contract a surrogate mother in California they would pay anything between €100,000 and €109,000 with an egg donor, or between €69,000 to about €78,000 without one. When we take into account that Americans earn on average twice as much as Spaniards do, we get the estimated following prices for the Spanish market: between €50,000 and €54,000 with an egg donor or between 34,000€ and 39,000€ without one. These results can be seen in the table below:

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9 To see these costs broken down check out annex!
After estimating the price of commercial surrogacy if it were to be legalized in Spain, we decided to do a basic SWOT analysis of this potential new market. As we can say below in the “strength” section, surrogacy has many advantages in comparison to certain aspects of adoption as people care about genetics. As for the weaknesses, the price is still quite high (although only half of what it currently costs in California!). This means that our potential market would be limited to people earning a higher than average income. We also identified a threat that is specific to Spain and related to its predominant religion: Catholicism. A country's leading faith will always shape the ideas, traditional values and mentality of its society (whether people profess to be religious or not); and in this particular case surrogacy is rejected (a theory that we’ve tested by carrying out surveys).

Finally, there are many opportunities to legalizing surrogacy in Spain. The potential market is not only large (considering our conclusions on high adoption rates and infertility), but also very diverse: single parents, homosexual couples (that are rejected by most international adoption systems), people that can’t meet the strict requisites imposed by public administrations and… the whole of Europe! Surrogacy tourism is common in many European countries and Barcelona is already one of the leading cities in fertility treatments. It would be cheaper for these “surrogacy tourists” to come to Spain than it would be for them to go to the USA and, as long as it offered the same guarantees and legal protection, why wouldn’t they pick the cheaper option?

Maybe the flourish of such a market would not only help towards Spain’s ageing population problem, but also constitute a new “business” that would boost its economy.
**STRENGTHS**

- It gives people who suffer infertility problems the chance to be biologically related to their children.
- Allows parents to participate and make decisions about the pregnancy of their baby including the person who will carry and birth their child.
- Permits parents to know all about their children's medical history.
- You receive a baby when it is still a newborn: no risks of receiving a child who has had traumatic childhood experiences.

**WEAKNESSES**

- The price tag is still extremely high in Spain.

**OPPORTUNITIES**

- Possible solution to Spain's ageing population problem: lots of people wait too long to have kids and end up not being able to adopt either.
- A new market with fewer barriers: single parents, gay couples, and people with handicaps are less likely to face rejection with surrogacy.
- The surrogacy centre of Europe?!?

**THREATS**

- According to the Centre for Sociological Research, during 2012, 71% of the Spanish population identified themselves as Catholic. This is a potential threat as surrogacy goes against this faith.
OUR SURVEYS: WHAT'S THE PUBLIC OPINION?

We thought that it would be informative to carry out a survey to the general population so as to attain a basic idea of people’s attitudes towards surrogacy. These surveys consist in 7 brief questions about the person’s sex, age, annual salary, number of children, which of the options they would choose if faced with infertility (local adoption with a 9 year wait, international adoption with a €30,000 cost or surrogacy with an estimated price between €34,000 and €54,000) and the assignation of a monetary value to reducing waiting time in adoptions. We are aware of the potential biases that these surveys have and the fact that it’s very difficult for people to put themselves in this hypothetical situation. It would probably be better to ask people who are currently at the beginning of their search for an alternative method to starting a family. All things considered, they did supply us with an idea on people’s reactions to this controversial practice.

Our most relevant results can be observed in these two graphs. Only a 29% of people asked (out of a total of 120) picked commercial surrogacy. Out of those who didn’t, over 40% cited ideological or ethical reasons, confirming our “mentality theory”. However, judging from people’s responses, this was more due to a complete lack of knowledge on the subject than actual “hard rejection”. This leads us to the conclusion that this mindset could be easily changed by imparting more information on this matter and possibly by the arrival of a new generation (when asked, young people were a lot more open to the idea of this method).
CONCLUSIONS

As we have already rounded up each of our sections with main conclusions and suggestions, this will be very short and straight to the point:

♦ Infertility is a growing problem in Spain and many couples turn to adoption.

♦ We’ve studied three non-traditional ways to have a child and calculated their respective costs: local adoption with a 9 year wait and no pecuniary cost, international adoption from Russia with an 18 month wait and a cost of €30,000 and, last but not least, surrogacy in California with a price of over €100,000.

♦ International adoptions are mainly controlled by the child’s country of origin and, although it was interesting to study the facts and figures, there is little Spain can do to contribute to the system’s efficiency.

♦ Local adoption, on the other hand, suffers from many problems such as the heterogeneity of the children in care or inefficiencies in the matching process. Our recommendations are:

   1. More available information and data on this subject.
   2. Marketing through “photolisting” or “heart galleries” in order to boost the demand for older kids.
   3. The elimination of the State monopoly on the adoption process and the input of private agencies.
   4. A price in the sense that buying and selling “parental rights” on the market could lead to better outcomes than the present government-regulated adoption.

♦ Although surrogacy is prohibited within Spain, the Spanish law allows citizens to bring back babies born through surrogacy elsewhere. We not only calculated the current cost of this practice, but we also estimated its price were it to be legalized in Spain (between €34,000 and €54,000). We then analysed the potential market arriving to the conclusion that it could be very successful and have a positive impact on the flailing economy.
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COMMERCIAL WEBSITES

- http://www.vientredealquiler.com
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- http://www.ivi.es

ANNEX

A few interesting tables, as well as the survey and interviews, can be found online at https://docs.google.com/file/d/0ByryUhcOlxUEeWdIRzVpcjV3ZWc/edit?usp=sharing but are not essential to understanding our paper.