



ACERH

AUSTRALIAN CENTRE FOR ECONOMIC RESEARCH ON HEALTH

SEMINAR/OCCASIONAL SERIES

12th September 2006, 10:15am

E.S. Myers Lecture Theatre, The University of Queensland
3rd floor, Mayne Medical School Building
Herston Road, Herston

Cannabis prices and dynamics of cannabis use

Dr Jenny Williams

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THE SPEAKER

Dr Williams' research focuses on youth behaviour and reflects her interest in understanding how decisions and circumstances faced in youth impact on success in adulthood. She has adopted this perspective to examine criminal choice, child health and substance use. Dr Williams has written extensively in the area of substance use and abuse, examining the determinants of the demand for cannabis, alcohol, and cocaine, and the economic relationship between cannabis and alcohol using data on college students in the US. Using the same data, she investigated whether alcohol use exhibits habit formation, and the impact of alcohol use on college students' academic success. She has also written papers on the economics of cannabis use in Australia. The first of these papers, Cameron and Williams (2001), is the first empirical investigation into the economics of cannabis, alcohol and tobacco consumption using unit record data from Australia. It showed that demand for each of these substances is not only price sensitive, but that the demand for these goods are inter-related. This paper was awarded the prize for the best paper in the 2001 volume of the *Economic Record*. In follow up papers, Williams (2004) extends the analysis to the impact of price and policy variables on the intensity with which cannabis is used in addition to the prevalence of use, while Williams and Mahmoudi (2004) considers differences in the economic responsiveness of people who typically use cannabis and alcohol concurrently (polydrug users) compared those who use the two substances separately. Her most recent paper on the economics of substance use applies duration models to study the role of price in the decision to start cannabis use, and the decision to quit.

ABSTRACT

This paper uses duration models and self-reported cannabis histories from young Australians to study the dynamics of cannabis use. We find that low cannabis prices are associated with early initiation into cannabis use. While the decision to quit does not appear to be directly influenced by price, we find that the younger an individual is when they start using cannabis the less likely they are to quit. Therefore, low cannabis prices lead to early use and because of that they lead to a low quit rate and hence a longer duration of use.

PARKING

Parking is available in the multi-storey carparks adjacent to the Royal Brisbane and Women's (RBWH) and Children's (RCH) Hospitals. The RCH car park is convenient to the venue.
(Paid metered parking is also available at \$2.40 per hour for a **maximum of 1.5 hours** on the circular drive of the Mayne Medical School building.)

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