

**ECO B9502
Homework 2
Solutions**

1. (a) $d_{ij} = 5, t_{ij} = 1.15$

$$d_{ij} = 10, t_{ij} = 0.289$$

(b) $t_{ij} = 1.87$

2.

$$\ln\left(\frac{0.5}{1-0.5}\right) = \ln(1) = 0$$

$$0 = -8(t_a - t_b) - 2(m_a - m_b)$$

$$8(t_a - t_b) = -2(m_a - m_b)$$

$$-4 = \frac{(m_a - m_b)}{(t_a - t_b)}$$

(b) Value of reductions in commuting time = \$0.04 per minute = $\frac{\beta_1}{\beta_2}$.