

Quiz 7 (Answer Key)
ECNS 432
Spring 2017

_____Name

1. (10 points) Oxana is conducting research on the demand for cleaner air in Novosibersk. She notices that the Ministry of Housing built many identical dwellings around the city approximately the same distance from the center. The only difference is the average level of air pollution. She notes the following rental prices and air pollution levels for these dwellings:

| <u>Pollution level ($\mu\text{g}/\text{m}^3$)</u> | <u>Rent (R/month)</u> |
|--|-----------------------|
| 30 | 497 |
| 50 | 492 |
| 70 | 485 |
| 90 | 475 |
| 120 | 455 |
| 150 | 430 |
| 200 | 375 |
| 250 | 305 |
| 300 | 219 |

Given this information, graph the hedonic price function of pollution.

