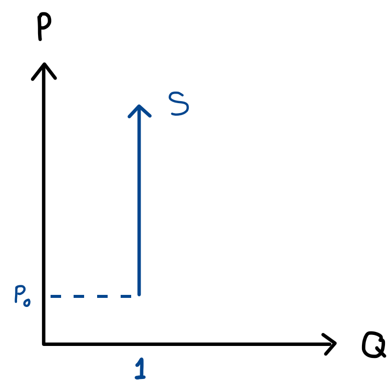
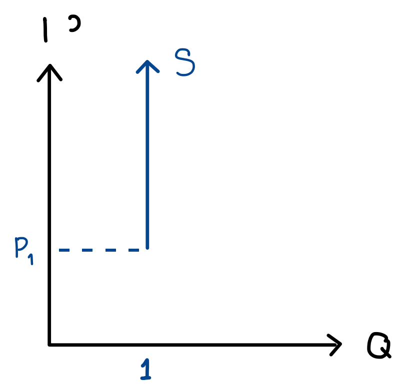
HW 3 Due Thursday, February 11, 2021

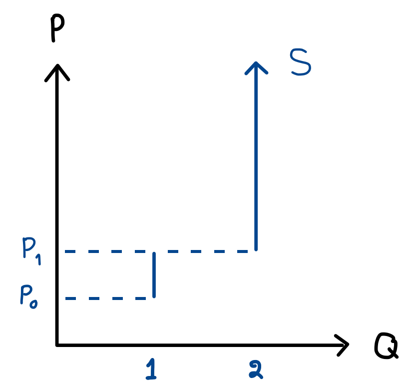
1. Suppose that it is legal to sell one's kidney. What is the individual supply of kidney of a person who wants to sell his kidney? Does the market supply respond with a higher quantity supplied if the price of kidney increases?



Seller A



Seller B

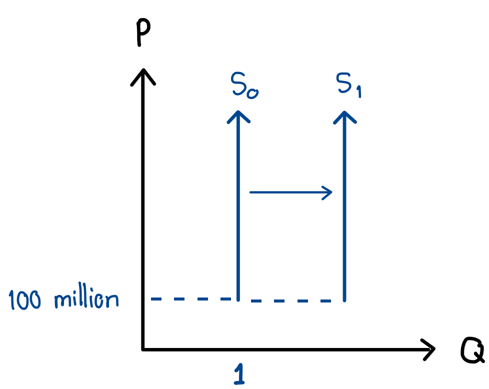


Market Supplied

At P_0 = minimum price that seller A willing to sell 1 unit

At P_1 = minimum price that seller B willing to sell 1 unit

2. Let A be a person who is willing to sell one of his kidney so that his supply of kidney is vertical at $Q_S = 1$ with any price at least 100 million baht. If A's supply of kidney increase, how would his Supply curve change?



Seller A

As quantity of supplied increase so it shift line of supply to the right from S_0 to S_1

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