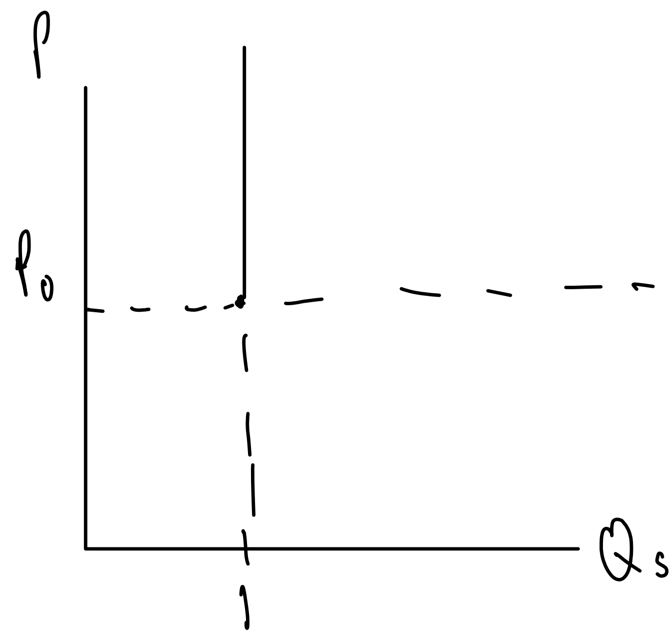
6304641290 Rawikorn Srisunthorn

HW 3 Due Thursday, February 11, 2021

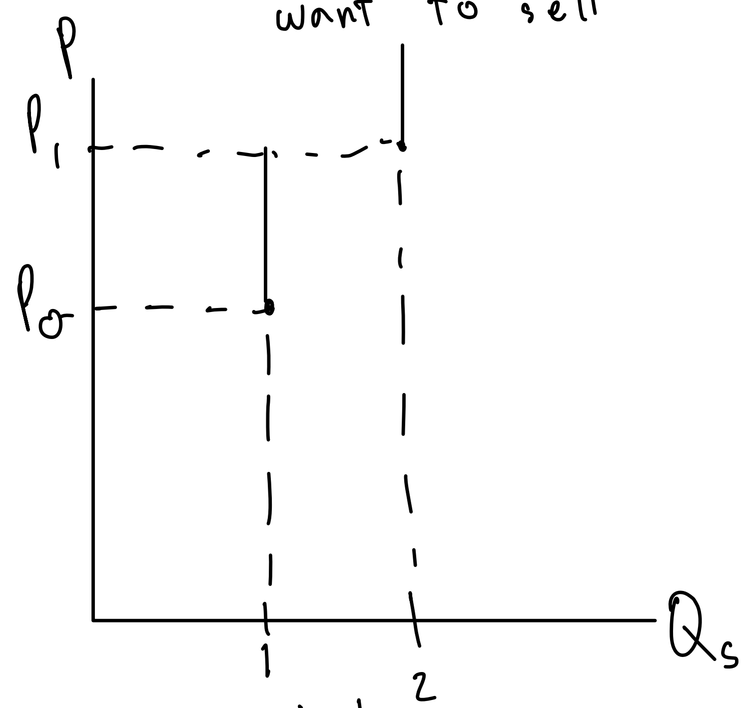
1. Suppose that it is legal to sell one's kidney. What is the individual supply of kidney of a person who wants to sell his kidney? Does the market supply respond with a higher quantity supplied if the price of kidney increases?

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?

1) individual supply have to be 1 because it is legal to sell one's kidney
given P_0 = the price that seller willing to sell
If price below P_0 : $Q_S = 0$ because seller doesn't want to sell



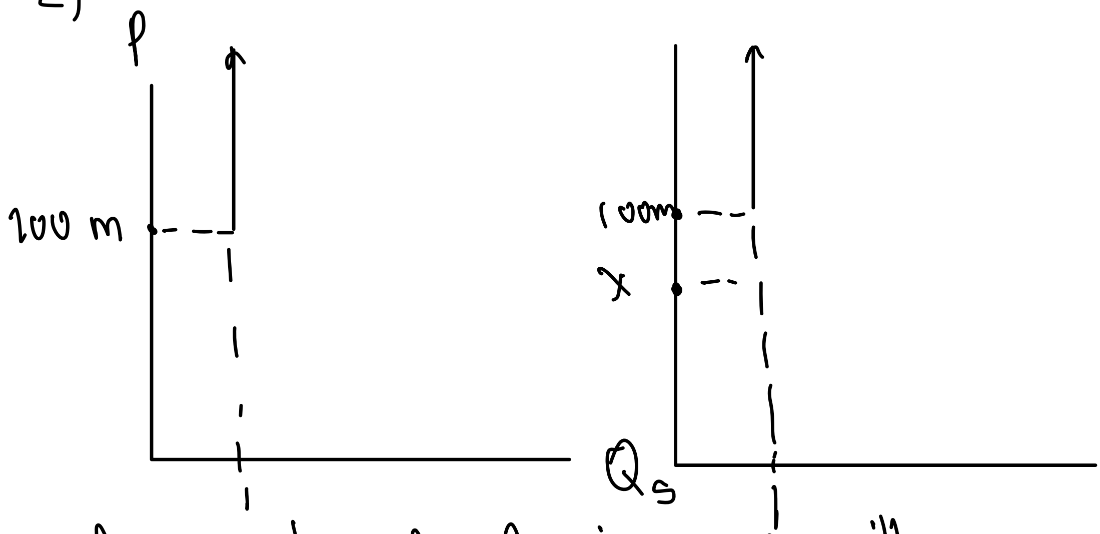
yes



market

yes If the price of kidney increase market supply also increase (at P_0 first seller want to sell it and at P_1 second seller want to sell it)

2)



If supply of A increase, willingness to sell increase and it is only legal to sell one so the seller will decrease the price below 100 m (point X: new minimum acceptance)