

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

We can separate into 2 cases

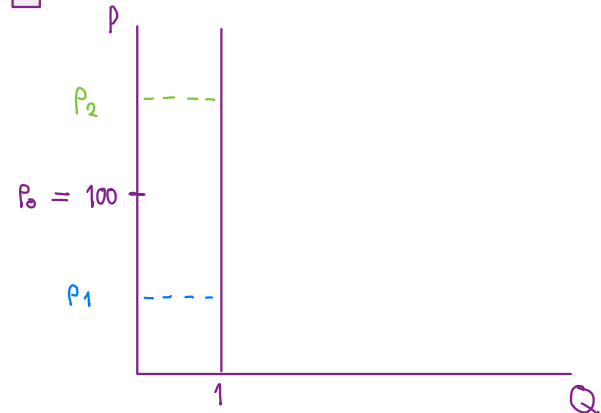
1. the price increase from P_1 to P_2

2. The price increase from P_0 to P_2

1st case : Quantity supplied increase from 0 \rightarrow 1

2nd case : Quantity supplied stay the same which is 1

1



2

A will sell his kidney at least at 100 million bath. But Now A has a debt so he has to sell his kidney 80 million for paying debt this made A willing to sell his kidney increase. Finally he need to sell it a 80 million Bath.
= supply curve not change
= price decrease

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