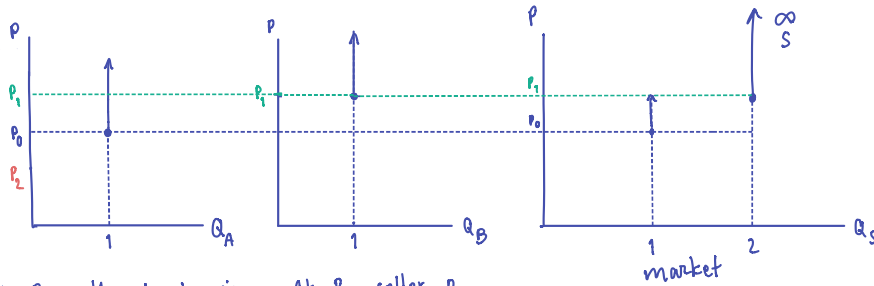


HW 3 Due Thursday, February 11, 2021

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



At P_0 , the least price seller A willing to sell 1 unit of kidney.

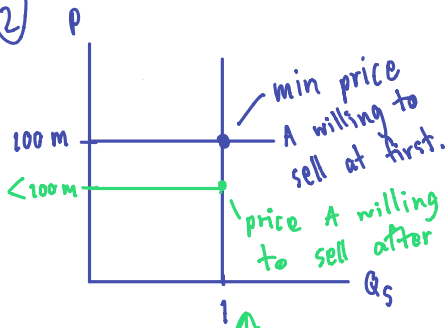
At P_1 , seller B willing to sell 1 unit of kidney

At P_2 , No sellers willing to sell their kidney.

Does the market supply respond with a higher quantity supplied if the price of kidney increases?

Ans. Yes, the higher price of kidney, the higher quantity supplied.

②



A's supply of kidney increase

↓
A wants to sell his kidney more than normally.

↓
When supply increases → Demand decreases → Price decreases
because they want to sell more

But A can sell just 1 unit of A's kidney.

• • His Supply curve will not change, but the price would be decreased.

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