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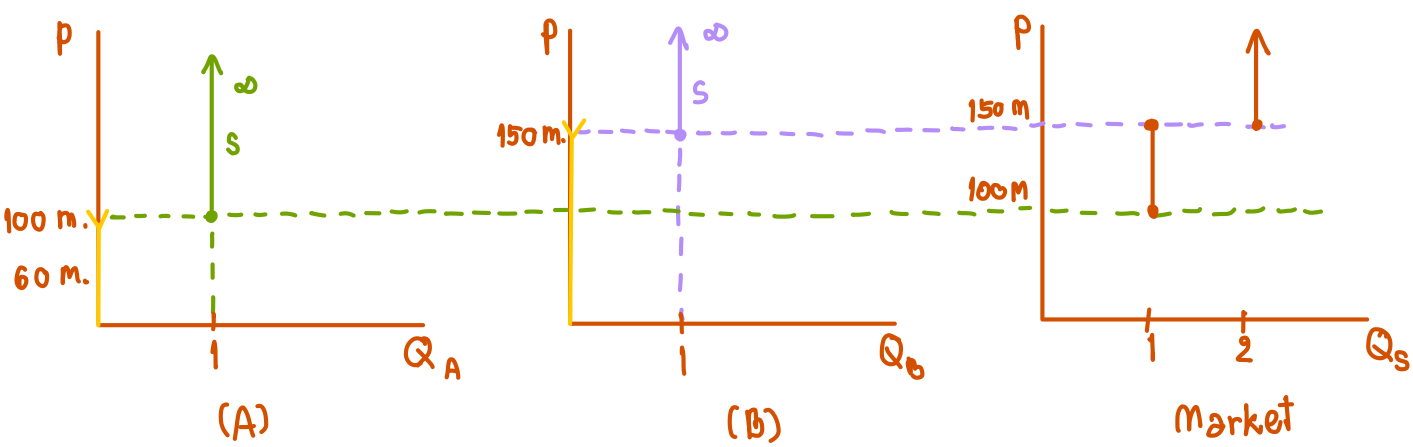
HW 3 Due Thursday, February 11, 2021

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?

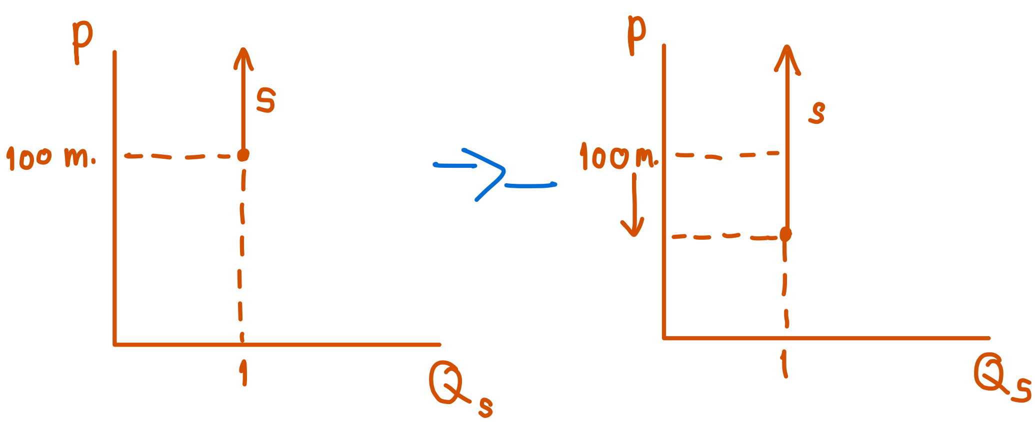
2. Let A be a person who is willing to sell one of his kidney so that his supply of kidney is vertical at $Q_S = 1$ with any price at least 100 million baht. If A's supply of kidney increase, how would his Supply curve change?

1.)



- The quantity supply of individual supply can be only one unit because it's legal to sell only one kidney for one person. Therefore, A is willing to sell his kidney if the price is greater than or equal to 100 million. So if a buyer offers to buy his kidney at 60 million, he will not sell it.
- If the price of kidney increases, the quantity supplied is higher because more people want to sell their kidneys.

2.)



- If A's supply of kidney increase, it means his willingness to sell increase but he can sell only one kidney. So the new price that he's willing to sell is lower than 100 million.