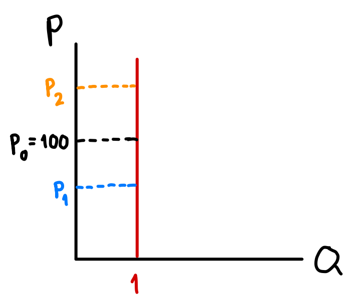
Pongpob Punnara 6304641167

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)



It can be seperate into 2 cases

1) The price increases from P_1 to P_2

2) The price increases from P_0 to P_2

Case 1: Quantity supplied increases from 0 to 1 (Higher)

Case 2: Quantity supplied stay at 1 (stay the same)

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(2) A is willing to sell his kidney at least 100 million bahts.

A's supply of kidney increase $\rightarrow$ A has to sell his kidney to pay debt 80 million bahts.

$\therefore$ Supply curve will not change but the least price to sell will decrease