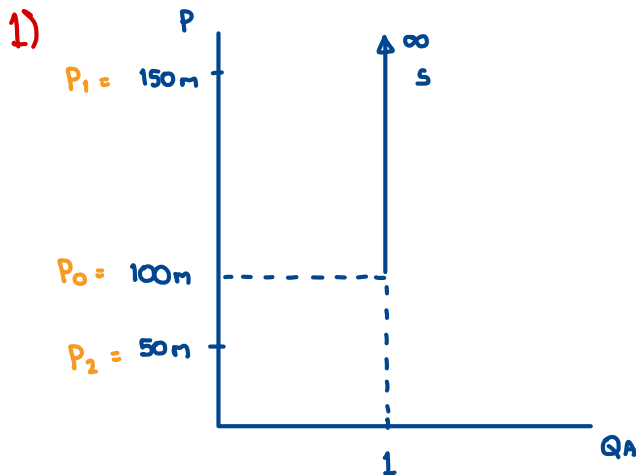


HW 3 Due Thursday, February 11, 2021

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?



The price that he want to sell is 100 m

and he can only sell 1 kidney. But if the price started from P_2 increased to P_0 or P_1 the

Quantity supplied will increased from zero to 1.

But if the price increased from P_0 to P_1 the quantity supplied will still be 1 because he can only sell 1 kidney.

2) If A want to sell his kidney, at least 100 million baht with only 1 kidney. But if he have problem with his money, he willing to sell his kidney at at price can be lower than 100 million, then his willingness to sell will increased so A's supply of kidney increases. So this, the supply curve will not change but the price that he willing to sell will decrease.