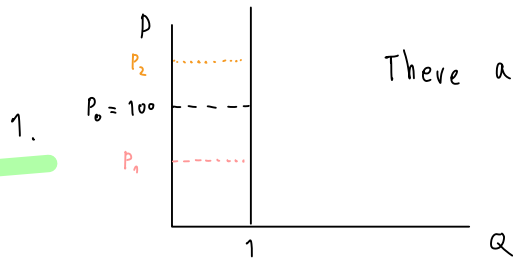


HW 3 Due Thursday, February 11, 2021

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?



There are 2 cases \rightarrow 1. the price increases from P_1 to P_2
 \hookrightarrow 2. the price increases from P_0 to P_2

For 1st case : Quantity supplied increases from 0 \rightarrow 1

✓ higher

For 2nd case : Quantity supplied remains 1

✗ same

2.

Normally, A is willing to sell his kidney at 100 million bahts at least.

But, currently, A has to sell his kidney for paying debt 80 million bahts

so A's willingness to sell kidney increases then he has to sell kidney at

80 millions baht inevitably.

A's supply of kidney increases

In conclusion, Supply curve will not change, but the least price to sell will decrease.

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