



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF SOCIAL SCIENCES  
DEPARTMENT OF ECONOMICS  
2021\_1 EXAMINATION**

**COURSE TITLE: ADVANCED MICROECONOMIC THEORY**

**COURSE CODE: ECO 711**

**UNITS: 3**

**TIME ALLOWED: 3 HOURS**

**INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS**

1. Given a demand function of the monopolist as  $Q = 50 - 0.5P$  and a cost function of the nature  $C = 50 + 4Q$ . **(25 marks).**

- a. Calculate the profit maximizing output.
- b. Calculate the price at which profit is maximized.
- c. Compute the total profit.

2a. Itemize and discuss the five common goals of the firm according to Cyert and March. **(10 marks).**

b. List five implicit and explicit assumptions of marginal productivity theory of distribution. **(5 marks).**

3. Write short notes on the following:

- a. Demand for Durable and Non-Durable Goods. **(5 marks).**
- b. Demand for firm's and Industry's Product **(5 marks).**
- c. Short term and Long-term Demand. **(5 marks)**

4a. List five Properties of Indifference Curve. **(5 marks)**

b. State five assumption of the Cardinal and Ordinal Utility Approach. **(10 marks).**

5. Given a utility function  $U = 144q - 1.5q^2$

- a. Find the marginal utility **(5 marks)**
- b. Calculate the utility maximizing quantity **(5 marks).**
- c. What is Marginal Rate of Substitution **(5 marks).**