



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2023_1 POP EXAMINATION.**

COURSE TITLE: ADVANCED MICROECONOMIC THEORY

COURSE CODE: ECO 711

UNITS: 3

TIME ALLOWED: 3 HOURS

INSTRUCTION: ANSWER ONE AND ANY OTHER THREE QUESTIONS

1. Assuming the utility function of an individual is as follows, $U = 7Q^2 + 18Q - 0.33Q^3$ **(25 marks)**
 - a. Determine the unit of output that maximizes the utility of consumption?
 - b. At what level of consumption (in units) does the total utility starts to diminish?

- 2a. Who is a monopolist? **(2marks)**
- b. State and explain five sources of monopoly power. **(5 marks)**
- c. State five assumptions that define a monopoly. **(3marks)**
- d. Justify monopolist profit making in both long-run and short-run. **(5 marks)**

- 3a. Imperfect competition does not always guarantee consumer equilibrium, give example of such market imperfection with brief explanation. **(5 marks)**
- 3b Explain the term productivity. **(5 marks)**
- c. Extricate between Average Physical Product APP), and Marginal Physical Product MPP) **(5 marks)**

- 4a. Graphically discuss abnormal profit situation of a monopolist in the short run equilibrium. **(7 marks)**
- 4b. Identify and discuss at least four different criteria of social welfare. **(8 marks).**

- 5a. Discuss in detail the cob-web model by giving instance of convergence and divergence. **(10 marks).**
- b. State five assumptions of the cob-web model. **(5 marks)**