



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2025_1 EXAMINATION...

SUBJECT TITLE: ADVANCE MICROECONOMICS THEORY

SUBJECT CODE: ECO711

TIME ALLOWED: 3 HOURS

INSTRUCTIONS: ANSWER QUESTIONS ONE AND ANY OTHER THREE QUESTIONS.

1a. Differentiate between the concept of general equilibrium and partial equilibrium (15 Marks)

b. Explain the Walrasian System (10 Marks)

2. Explain the three types of Cob-web Models (15 Marks)

3. Let the inverse demand function and the cost function be given by $P = 50 - 2Q$ and $C = 10 + 2q$ respectively, where Q is total industry output and q is the firm's output. consider first the case of uniform-pricing monopoly, as a benchmark (15 Marks)

4. Suppose that the price of a good is $P = 10$ and the production function is constant returns to scale $Q(L) = 2L$: Lastly, assume that labour supply to the firm is given by: $L = 50w$: Note that a higher wage increases labour supply. Solving for the wage as a function of labour. (15 Marks).

5. Using the diagram below, explain alternative to profit maximization by Baumol (15 marks)

