



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

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)

