



**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)**