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

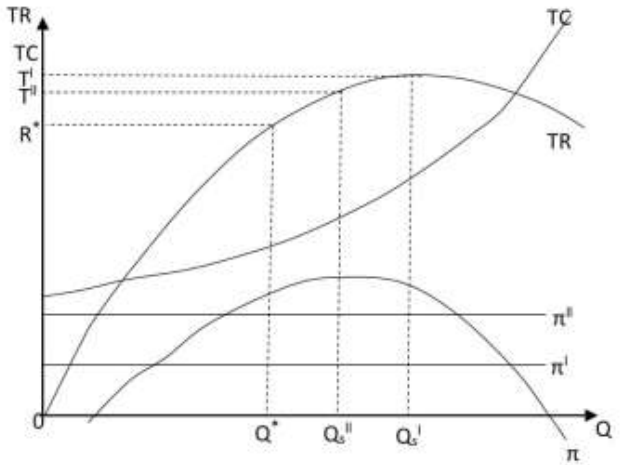
**SUBJECT TITLE: ADVANCE MICROECONOMICS THEORY**
**SUBJECT CODE: ECO711**
**TIME ALLOWED: 3 HOURS**
**INSTRUCTIONS: ANSWER QUESTIONS ONE AND ANY OTHER THREE QUESTIONS.**

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)