

Q.6.B Hint

Budget line before negative income tax

$$C = 16(80 - L) \quad \text{--- (1)}$$

Budget line w/ negative income tax

$$C = 10(80 - L) + 300 \quad \text{--- (2)}$$

At the intersection (1) = (2) Solve for  $L$

$$16(80 - L) = 10(80 - L) + 300$$

$$L = 30 \quad \neq$$