<table>
<thead>
<tr>
<th>Region</th>
<th>California Population</th>
<th>CA 120 Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA-R-O CMSA</td>
<td>48%</td>
<td>54%</td>
</tr>
<tr>
<td>SF-O-SJ CMSA</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>San Diego MSA</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Sacramento MSA</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Fresno MSA</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Bakersfield MSA</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Stockton MSA</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Other MSAs</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Non-MSA</td>
<td>3%</td>
<td>0%</td>
</tr>
</tbody>
</table>
## Median Household Income of Census Tracts, 2000 Census

<table>
<thead>
<tr>
<th>Income Range</th>
<th>California</th>
<th>CA 120 Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $40,000</td>
<td>36%</td>
<td>8%</td>
</tr>
<tr>
<td>$40,000-$60,000</td>
<td>34%</td>
<td>15%</td>
</tr>
<tr>
<td>$60,000-$80,000</td>
<td>18%</td>
<td>38%</td>
</tr>
<tr>
<td>$80,000-$100,000</td>
<td>8%</td>
<td>19%</td>
</tr>
<tr>
<td>More than $100,000</td>
<td>4%</td>
<td>19%</td>
</tr>
</tbody>
</table>
SINGLE TAX IS SOCIETY'S LIBERATOR
A Tax on Suppliers - Upward Sloping Supply

Price

Supply + tax

Supply

Demand

Quantity

\[ P' \]

\[ P' - t \]

\[ P^* \]

\[ q' \]

\[ q^* \]
The Deadweight Loss of a Tax

Price

P'

P'-t

tax revenue

deadweight loss

Demand

Supply

Quantity

q'
No Deadweight Loss with Inelastic Supply

Price

Supply

P' = P*

P' - t

Demand

q'

Quantity
Why No Deadweight Loss?

- Tax doesn’t affect quantity
- Same with land value tax
- Tax on value doesn’t affect development
Who Bears the Burden?

☐ Taxes often shifted to consumers
☐ Would tax on land be shifted to users of land? Higher rents?
Upward Sloping Supply

Price

Supply + tax

Supply

Demand

Quantity

dem. \{ \begin{align*} p' \\ p^* \end{align*} \}

sup. \{ \begin{align*} p' - t \end{align*} \}

q' q^*
Inelastic Supply

In the diagram, the supply curve is vertical at $P' = P^*$, indicating that the quantity supplied is independent of the price. The demand curve slopes downward, showing the inverse relationship between price and quantity demanded. The tax $t$ is borne by the suppliers, as indicated by the tax point $P'-t$. The tax reduces the effective price paid by consumers to $P'$, while the quantity supplied remains constant at $q'$. The diagram illustrates how a tax affects the market when supply is inelastic.
Conclusion

☐ A tax on land rent causes no deadweight burden
☐ A tax on land rent is borne strictly by landowners
Midterm on Wednesday

☐ One question
☐ I bring blue books
☐ You bring pen
Friday – Guest Lecture

☐ Jeff Adkison and Rob McRitchie
☐ “Union Bank” video, Video Lab, 2nd floor Kerr Hall
☐ A question from that video on Friday
☐ Lunch with Jeff and Rob after class
☐ My treat!