# Section 2: The Cause of Monopoly (I): Innate Talent

There is another perspective to analyze how the entry threshold of monopoly or price-searching is formed.

(1) The cause of monopoly is innate talent given by God.

For example, the income of the sports stars or pop stars is far higher than that of the ordinary, which is a return on their talents in sports or music. This talent is unique to them, the outsiders cannot enter the market in any way, so it is a monopoly, and the return is monopolistic rent.

There are two key points for this kind of entry threshold.

Firstly, there may be no market value for a talent, so there is not necessarily monopolistic rent. Everyone in this world is sure to have a unique voice, but usually people will not pay for his singing. In other words, if a geometric figure is drawn to illustrate, the demand curve of his singing is also sloping downwards, but it is located in the negative value field of the vertical axis of price. In fact, the magnitude of monopolistic rent of talent does not necessarily depend on whether the demand curve is inelastic, but also on the height of it.

Attention: the market value can be subjective and not necessarily in line with the moral or objective standards. For example, some entertainment stars are rather controversial (such as the Kardashians). Quite a number of people scoff at this kind of talent, but they do be popular in the market.

Anyone is more or less unique in some aspects. As long as he finds an appropriate way to meet the needs of the market, there will be more or less monopolistic rent. As mentioned in the previous lecture, some seem to have higher profit margins only because of his unique vision or tactics, and the higher income is the return on his vision or tactics and is his (monopolistic) rent.

Secondly, not only do some persons have talents, but also locations do. For example, why must we pay for visiting a scenic spot? Because the natural scenery is especially beautiful and magnificent, or famous historical events had taken place there, or famous historical figures had lived there, there is monopolistic rent for that particular spot. Another example is mineral deposit where the mineral reserves are especially rich, or the quality is especially good, or the mining is especially easy.