

Playing in virtual reality, earning cold, hard cash

This is taken from the Economist, a British news magazine.

The sci-fi dream of the computer-generated virtual reality — so familiar to readers of “Neuromancer” and viewers of “The Matrix” — has finally come true. But, as is often the case with guesses about future technologies, it has not come true in quite the way that many people expected.

While scientists developed sensory-input devices to mimic the sensations of a virtual world, the games industry eschewed this hardware-based approach in favor of creating alternative realities through emotionally engaging software. “It turns out that the way humans are made, the software-based approach seems to have much more success,” writes Edward Castronova in an illuminating guide to these new synthetic worlds.

Millions of people spend several hours a week immersed in “massively multiplayer online role-playing games” (MMORPGs). These are often Tolkienesque fantasy worlds in which players battle monsters, go on quests and build up their virtual power and wealth.

Some synthetic worlds are deliberately escapist; others are designed to be as lifelike and realistic as possible. Many have a strong libertarian bent. Sociologists and anthropologists have written about MMORPGs before, but Castronova looks at the phenomenon from a new perspective: economics.

Castronova’s thesis is that these synthetic worlds are increasingly intertwined with the real world. In particular, real-world trade of in-game items — swords, gold, potions or even whole characters — is flourishing in online marketplaces such as eBay. This means in-game items and currency have real value.

In 2002, Castronova famously calculated the GNP per capita of the fictional game-world of “EverQuest” as \$2,000, comparable to that of Bulgaria, and far higher than that of India or China. Furthermore, by “working” in the game to generate virtual wealth and then selling the results for real money, it is possible to generate about \$3.50 per hour.

Companies in China pay thousands of people, known as “farmers,” to play MMORPGs all day, and then profit from selling the in-game goods they generate to other players for real money.

Land and other in-game property has been sold for huge sums: One “Project Entropia” player paid \$26,500 for an island in the game’s virtual world last year and has already made his money back by selling hunting and mining rights to other players.

Trade in virtual items is now worth more than \$100 million each year. In some Asian countries, where MMORPGs are particu-

larly popular, in-game thefts and cheats have led to real-world arrests and legal action. In one case in South Korea, the police intervened when a hoard of in-game money was stolen and sold, netting the thieves \$1.3 million.

In-game money is, in short, no less real than the dollars and pounds stored in conventional bank accounts.

Virtual economies are an integral part of synthetic worlds. The buying and selling of goods, as the game’s inhabitants go about their daily business, lends realism and vibrancy to the virtual realm.

But in-game economies tend to be unusual in several ways. They are run to maximize fun, not growth or overall well-being. And inflation is often rampant, due to the convention that killing monsters produces a cash reward and the supply of monsters is unlimited in many games. As a result, the value of in-game currency is constantly falling and prices are constantly rising.

Castronova’s analysis of the economics of fun is intriguing. Virtual-world economies are designed to make the resulting game interesting and enjoyable for their inhabitants. Many games follow a rags-to-riches storyline, for example.

But how can all the players end up in the top 10 percent?

Simple: the upwardly mobile human players need only be a subset of the world’s population. An underclass of computer-controlled “bot” citizens, meanwhile, stays poor forever.

Some of Castronova’s conclusions may sound far-fetched. In particular, he suggests that as synthetic worlds continue to grow in popularity, substantial numbers of people will choose to spend large parts of their lives immersed in them. Some players could then fall victim to what Castronova calls “toxic immersion,” in which their virtual lives take precedence, to the detriment of their real-world lives.

But perhaps this is not so implausible. It is already possible to make a living by working in a virtual world, as the “farmers” demonstrate. In one survey, 20 percent of MMORPG players said they regarded the game world as their “real” place of residence; Earth is just where they eat and sleep.

In July, a South Korean man died after a 50-hour MMORPG session. And the Chinese government has recently tried to limit the number of hours that can be spent playing MMORPGs each day.

As technology improves, players could make enough money to pay for the upkeep of their real-world bodies while they remain fully immersed in the virtual world. Castronova is right when he concludes that “we should take a serious look at the game we have begun to play.”

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