

Where the real & virtual worlds collide!

The G2 supplement in the Guardian yesterday [See Here...](#) covers the phenomenon of real life trading of virtual objects, that only exist in online game worlds. I had hoped to ease myself into the world of games industry punditry, mainly because I don't play enough to be a player's doyen, nor do I work closely enough with the industry as a consultant, but blogs are usefull for unfinished thoughts as well as polished polemic.

The current generation of MMORPGs¹ are the inheritors of a long tradition. The majority of these seem to be in the fantasy fiction genre of sword and sorcery borrowing from Tolkien & Conan, but if you go to www.mysupersales.com, one of the trading exchanges, you'll see that both science fiction (and most bizarrely) cyberpunk² games are also available. Interestingly for Sun these games typically charge a subscription fee for access, and are definitely an illustration of how IT companies can make money on the basis of customer relationships and recurring income streams in exchange for a valued service.

The fictional heritage travels from the written fiction, through role playing & board games to two computer games genres, the online 1st person shooter and the CRPG/MUD. The merging of these two genres, the adoption of the 3rd party view and the expansion of the online capabilities of the internet wirespeed and server capabilities has enabled these life size virtual game worlds. The Guardian article (see above) interviews participants and reflects their varying degrees of involvement and the drivers that have enabled trading between the real world and games worlds.

The study of Labour Economics gives us a work/leisure utility curve, and different people have different trade offs between swapping an hour of leisure for an hour of work; they place differing values on the worth of the leisure hour³, while the market places a value on the extra work hour. This is their marginal utility rate. By selling virtual objects created by spending leisure time, the traders are arbitraging their work leisure utility factors⁴. This is true until we discover people who consider the creation/discovery of these tradable commodities their income source, I wonder how long it'll take.

Its probably not possible to pre-calculate the utilities involved because the traded objects have a value above and beyond the hours invested (a psychic value), and are also still unlikely to trade at wage rates, certainly not the buyer's wage rates⁵. It should be born in mind that the discovery/creation of these tradable objects takes a lot of time. It may be that these mismatches between market value and labour cost is one of those economically oberservable phenomena that suggest that a new virtual world, factor of production exists. This psychic income within the price determination mechanism should inhibit the growth of brokers or futures traders, because unless the primary trader is in the market, psychic cost and value cannot be determined.

Its interesting (to me) that the Guardian's article is published on the day that ID software launch/relaunch Doom in its latest incarnation [Doom3](#) since it was Doom that first introduced me to multi-player computer gaming and the first I came across that permitted internet gaming.

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1. Massively multi-player online role playing games.
 2. How bizarre is role playing a cyber hacker in an online game hosted on the internet. Post modern or what.

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3. The increasing value people will place on leisure time as they work more is the reason that overtime i.e. payments for working above and beyond one's contracted hours (remember that!) was traditionally paid at enhanced rates.
4. This whole process of converting, combining & defining factors of production is really difficult and controversial, so there's plenty of room to disagree with what may happen in both the long and short term.
5. The Guardian article quotes a Final Fantasy XI character (Avatar) being sold for just under \$1300, how many work hours is that?

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