

*Policy Implications of Massively
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for Hong Kong*

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ISBN-10: 962-441-176-X

ISBN-13: 978-962-441-176-8

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Introduction

Massively multiplayer online games (MMOGs), which refer to online computer games that are simultaneously played by up to millions of players, emerged as commercial products in the late-1990s and have come to occupy the leisure hours of a large number of people. MMOGs have been growing in popularity in developed countries over the world and particularly in East Asia (Fung, 2004). Hong Kong has also embraced MMOGs, although they are somewhat less popular there than in South Korea, Taiwan, and mainland China. Various estimates in 2002 placed the number of MMOG players in Hong Kong at between 300,000 to 400,000, comprising about 6% of the total population of the city (Centre for Cultural Policy Research, 2003:101). MMOGs are expected to grow increasingly rapidly, because they have only been recognized since 2004 by the American and Japanese computer games industry as a mainstream product, and because players of console video games (the present mainstream products) will switch to MMOGs when many console games are remade into MMOGs in the near future.

With a large and rapidly growing population of players, MMOGs warrant specialized attention by the relevant authorities, the legal system, and policy makers (Lastowka and Hunter, 2004a). Specialized laws, administrative bodies, surveillance efforts, political controls, and development plans have been set up in the past following the introduction of major new forms of media such as television or the Internet. MMOGs should be no exception, but

governments around the world (except the People's Republic of China) have either been neglecting or have been very slow to respond to the potential social impact of MMOGs. The policy implications of MMOGs — and I will demonstrate that there are many — remain mostly unrecognized by governments and the public in Hong Kong and elsewhere. Part of the reason for this is that the economic, social, and political ramifications of MMOGs have yet to be deeply felt, simply because of the short history of the existence of MMOGs and the recentness of their popularity. But it would be unwise to wait until the full force of these ramifications is felt before starting the search for appropriate policies to regulate MMOGs. Another important reason for the delay in addressing the problems that could arise from MMOGs is that it is only in the past few years that academics have begun to conduct research on the policy implications of MMOGs. In this study, I will borrow from this small body of literature and develop some observations on the policy implications of MMOGs for Hong Kong. More specifically, I will explicate why MMOGs may have important social and economic implications for Hong Kong's public and government, and then identify several key areas in which specialized policies for MMOGs will be most urgently needed. I will not be making concrete policy suggestions in this study due to the present lack of policy relevant empirical data on Hong Kong's MMOG players, but this study should provide a theoretical basis for devising such policies in the near future.

The Negative Impact of MMOGs on Youths

While the potential social impact of MMOGs remains largely unnoticed by the government and the public in Hong Kong, one particular problem has been well recognized. This is the negative effects on young people playing MMOGs, which include becoming addicted to the games, becoming distracted from school work, and social alienation. In fact, apart from business-related reports that comment on the MMOG industry, the bulk of the media coverage in Hong Kong on MMOGs deals with these negative effects. For example, reports on the suicide of a gamer that resulted from the loss

of his virtual goods and the death of another gamer due to playing for a prolonged period of time were the staple material of many Hong Kong newspaper articles on MMOGs (e.g., U-beat Magazine, 2003). Furthermore, almost all of the present surveys, public forums, and research reports on MMOGs centre on these negative effects as well. For example, the yearly surveys of MMOG players carried out by Breakthrough, a Christian NGO, repeatedly focus on game addiction (Breakthrough Research Team, 2003, 2004).

The negative effects of MMOGs on youths are real problems that deserve attention. They are among the most readily observable and direct of the social problems arising from MMOGs. However, they are neither the only nor the most significant of these problems. Concern about these negative effects should not distract us from the numerous other equally serious effects of MMOGs. I will briefly comment on the policy relevance of the negative effects of MMOGs on youths before moving on to a discussion of the social effects of MMOGs that have thus far received less attention.

First, while Western societies that consume computer games also tend to focus on the negative effects of these games on youths, they view these negative effects in ways that are quite different from the way they are viewed in Hong Kong. In the media and public discourse in the United States for example, the major negative effect of computer games (all kinds of games including online ones) is seen as that of causing youth to become more inclined to engage in violence. Instead of taking cases of game addiction-related deaths as a rallying point for protests, opponents of computer games in the United States prefer to preface their writings with cases of violence deaths related to the games such as the incidents of mass killings in high schools in Colorado and Alberta (Freedman, 2001). This difference is interesting not only because it reflects very dissimilar social values between Hong Kong and the United States, but because it indicates that MMOGs do not necessarily have a uniform set of effects on youths. For example, it is rarely suggested that MMOGs induce youths in Hong Kong to carry out violent murders; and just as rarely stated in the United States that MMOGs take up the precious study time of youths.

Second, the social reaction to how MMOGs affect youths may be usefully compared to similar social reactions to other forms of media entertainment when they first became popular. There was a social outcry against television, film, and other forms of popular entertainment that appealed to youths, although such protests have since largely been forgotten. In ideologically liberal societies such as Hong Kong, few policy alternatives are available to regulate these forms of entertainment purely on the basis of their alleged negative effects on youths. This is true especially when it is difficult to scientifically prove that the consumption of these entertainment products is linked to poor academic achievement, addiction, or violence. Moreover, in a heavily market-driven environment such as Hong Kong, many would be searching for ways to capitalize economically on MMOGs rather than to suppress them. Moreover, MMOGs are similar to television and other media forms that offer a broad range of possibilities for their contents. MMOGs can certainly be made into tools of education or edutainment, as educators in the United States have done.

Third, it is fundamentally misleading to regard the impact of MMOGs mainly in the light of how they affect youths. As studies on MMOG players in the United States have shown, the median age of MMOG players is approximately 26 (Yee, 2005). The average MMOG player is therefore an adult who should have the freedom to choose how to spend his/her leisure time, rather than an adolescent who is expected to take advice from adults. Although the average age of the MMOG players varies across different societies, we find a somewhat similar age distribution in mainland China. One of the major yearly reports on MMOGs finds that in 2004, those between the ages of 19 and 30 account for 75.8% of all MMOG players in China, whereas those under 19 account for only 17% of the total (iResearch, 2005:10). While there are no comparably comprehensive survey data on Hong Kong, there is no reason to believe that the age distribution of Hong Kong players should differ drastically until empirical data show otherwise. Another reason why the focus on youth is misleading is that while MMOG player communities at present tend to be composed mostly by younger people, this may not be the case in the future. It would be so only if most youngster gamers give up MMO

gaming as they grow older, and if future generations of older people do not play MMOGs despite being much more computer-literate than older people of the present generation. Similar to television, MMOG is an extremely accessible and affordable form of entertainment for groups such as homemakers and retired people.

Economic Impact of MMOG: MMOG Currency and their (Real World) Economic Value

With public awareness of cultural policies and of creative industries, the public already understands that the MMOG industry is an extremely lucrative business. That MMOGs are currently the most lucrative sub-sector within the information technology sector, and that four of the richest persons in mainland China in 2004 gained their wealth from MMOGs are well known among business elites in Hong Kong. However, few apart from MMOG industry insiders and concerned observers realize that playing MMOGs could also be a productive activity, and that the production and trading of MMOG goods is at least as lucrative as the MMOG industry itself. An approximate estimate of the total revenue of online games all over the world in 2003 is around 1.3 billion USD, while the MMOG currency trading and production industry in 2003 is estimated to be around 1 billion USD (Castronova 2004; Grimmelmann 2004). The growth of the MMOG currency trading and production industry may match or even surpass that of the MMOG industry, as it is currently less developed than the MMOG industry and therefore has much room for growth.

Let me elaborate on what MMOG currency trading and production is as it is critical to the understanding of the social and economic impact of MMOGs. MMOG currency may be understood to be a new type of economic good that is created in the process of playing MMOGs. MMO gaming has this extraordinary characteristic of being consumption and production at the same time. In typical MMOGs (especially in MMORPGs or massively multiplayer online role playing games, the most archetypal kind of MMOG), gamers

kill monsters and engage in mining and other non-combat activities. In the process, they gain game currency, weapons and armour, raw materials such as ores and food, status items such as jewellery or nice clothes, and real estate such as houses and castles. Game avatars also gain “skill levels” through prolonged periods of carrying out any particular activity. Typical players of MMORPGs desire more cash, better weaponry, more food and ores, nicer clothes, bigger houses, and avatars with higher levels of skill. Since the playing of most MMOGs is designed to consume a large amount of time, the best items and highest levels of skill can only be acquired through hundreds or even thousands of hours of playing. Paying with real world dollars for game currency has become one of the alternatives to acquiring those desired virtual items and skills.

Those who are unfamiliar with MMOGs often raise this question: why would players want to pay real world dollars for some digital pixels when they could have spent their dollars on real world goods instead? It is unthinkable for players of non-online, single-player computer games to pay real world dollars for game items, although they certainly desire those items as well. Here, the “massively-multiplayer” part of MMOGs is crucial. Similar to the real world, those who appear strong and wealthy in the MMORPG world are much more likely to be loved and respect by the community than those who are weak and poor. Therefore, paying real world dollars for a rare legendary sword in an MMOG may be not that different than paying for a Louis Vuitton handbag or Mercedes sports car in real life. People pay astronomical sums of money to buy real-world brandname items not because they satisfy basic functions such as holding items or transporting people; a generic handbag or Volkswagen could do the same things; rather, they are buying social status. It does not matter that the social status comes via a tangible good or a virtual one. Another different way of answering the question is that since all MMOG players are already willingly paying real world dollars to obtain the privilege of playing a game, it is not a drastic step from that to paying real world dollars so that they can skip the boring parts of the game (such as mining ore repetitively for 150 hours to make enough money to buy a superior

sword) and enjoy the fun parts (such as overpowering an arrogant human opponent with one's superior sword).

The real world economic value of MMOG currency may be much higher than non-gaming outsiders are willing to believe or can imagine. Individual items can be worth between tens to hundreds of USD. Top-level avatars in games such as Runescape2 could worth thousands of USD. Real estate and wealthy players' accounts have been sold for tens of thousands of USD. Professional online gamers who "farm" for valuable virtual items are reported to earn approximately 4,000 USD per month in South Korea (Russell, 2004). The aggregate economic value of an entire MMOG world is as astounding as the value of individual items. The per-capita gross "national" product of EverQuest (one of the most popular online games) has been found to be 2,266 USD (Castronova, 2003). If EverQuest were a real country, it would be the 77th wealthiest in the world, just behind Russia. Studies of other major online games have revealed similar results (Nash and Schneyer, 2004). The gross product of Hong Kong's MMO gamers can also be approximately estimated in this way. Let us assume that there are 332,000 MMO gamers, that each of them plays for three hours every day, and that each hour of playing produces 1 USD of worth.¹ The total worth would add up to about 360 million USD, or 0.22% of Hong Kong's GNP in 2004.

At present, only a small percentage of all virtual goods and currency in online game worlds are traded in the real world economy, but that percentage is increasing. This is because more and more adults — who are more likely to be pressed for time and who can afford to pay real world dollars for virtual items — are joining the online gaming community. Moreover, while gamers had been discouraged from trading because the trading of MMO virtual goods had been hazardous when there were no reliable authorities to moderate the transaction, MMOG currency retailers have become more established in the past two or three years and gamers can rely on them to conduct secure trades. The trading of MMOG currency is so lucrative that business professionals and corporations are pursuing careers in them. The largest MMOG currency trading companies are currently based in

the United States and South Korea. Hong Kong and mainland China have smaller local firms that make a profit from similar activities.

It is important to note that *while MMO gaming and game worlds contain enormous amounts of real world economic value, they are not under the jurisdiction of any real world governments or legal systems.* It is not difficult to imagine that these extraordinary circumstances could give rise to many serious problems. In the next three sections, I discuss three groups of such problems: the first arises out of relations among MMOG players; the second from the activities of MMOG currency retailing and production companies; and the third from potential conflicts between MMOG companies and MMOG players.

Criminal-like Activities of MMOG Players

One result of MMOG worlds being extremely lucrative while not being constrained by real world laws or governments is that they end up sharing certain characteristics with the classical Hobbesian state of a “war of all against all” for limited resources. The only real world laws that currently pertain to MMO gaming are those that forbid hacking into the accounts of other gamers. Hong Kong police, MMOG companies, and concerned NGOs have organized activities to raise awareness about the hacking of MMOG accounts (Breakthrough Research Team, 2004; Gameone, 2004). While such efforts are admirable, they are very inadequate in the context of the predominance of criminal-like activities in many local and international MMOG worlds.² Apart from hacking, there are literally thousands of ways for an MMOG player to scam, extort, exploit, abuse, steal, and rob another player. For example, a scheming player can pretend to be friends with another and then player-kill (PK) the person when he/she happens to be defenseless yet carrying valuable items. Or a player can keep begging every one he/she meets for free items while lying that his/her account has just been hacked. If the previous examples look far too innocent to be called a crime, think about players who scam by selling an easily obtainable weapon item as an expensive rare item to new players who are not yet familiar with

the game. Or about the players who have received real world money for selling certain items and yet deliberately fail to deliver the items to the buyer in the game. Many MMOG players are employing these ways to obtain valuable MMOG currency. Moreover, there are more and more people who are otherwise uninterested in MMOGs but who start to play MMOGs mainly for the real world profits they generate. These players are likely to be as cunning and ruthless as they can be in dealing with others in-game. After all, anything they do apart from hacking is not prohibited by present laws — they technically remain law-abiding citizens in the real world.

One of the major challenges in dealing with the social consequences of MMOGs is how to govern MMOG worlds with real world laws and law-enforcement bodies (Lastowka and Hunter, 2004b). Currently, all functions of governance are left to MMOG companies. However, MMOG companies are not likely to have a strong interest or capability in governing their own MMOG worlds. Efforts spent on governance do not create profits, unless in the very long-term sense in which a more orderly and scam-free game world attracts more players. But even if MMOG companies are willing to invest efforts in governing their worlds, they are not equipped with real world legal mandates, real world force, or the law-enforcement expertise to do much.

The criminalization of certain MMOG activities is urgently needed, yet it is technically difficult to set up the appropriate laws or enforcement measures. Take the examples I listed earlier. In the first case, the betrayal of friends may be immoral but it is probably not criminalizable. The murdering of friends for loot is a complicated matter. Murdering other players for loot is part of the PK-ing (player-killing) component and experience built into most MMOGs. How do real world law enforcement agents intervene in game world affairs if murdering is a built-in characteristic of the game worlds, regardless of whether the murder is fair or unfair? This may be a question that the relevant law enforcement bodies will have to confront in the future. The second case would not look like something that ought to be criminalized at all; people in real life make up lies to beg money from their acquaintances but no laws are made against this practice.

Yet what if the situation worsens to the point that every player is being bothered by pleas from a dozen new acquaintances every day? Is it appropriate to evoke the principle of laws such as those that prohibit begging in crowded public spaces in a city?

The fourth case appears more clearly to be an activity that has to be criminalized. A person who gets paid in cash in real life for selling something is normally required by the law to hand over the item, whether it be a tangible good in real life or a magic wand from an MMOG world. However, there much more still needs to be thought through before the appropriate laws and controls can be set up for this case. For example, does it matter that most MMOG currencies are drastically different from real world goods in that they can be created in an instant by the MMOG company without the expenditure of any resources? Furthermore, should the law still apply if the scammer-seller receives in-game currency instead of real world cash from the buyer, when the scam is conducted entirely in-game such as in the third case? It seems that such an extension is necessary because the scammer-seller can easily turn the in-game currency into cash by selling it on eBay or on the numerous specialized MMOG currency trading websites. But if such an extension is required, legal and law enforcement bodies would have to become very deeply involved in MMOG worlds. Given the present complete non-involvement of real world governments in MMOG worlds, much preparation would be needed before they can then begin to judge such cases or enforce such laws. The extent of involvement that would be suitable is difficult to determine. Some of the scams currently prevalent in MMOG worlds cannot be readily suppressed unless law enforcement agents personally (through their avatars) patrol the game worlds and are immediately dispatched to anywhere inside the game world when required. Are the law enforcement authorities in Hong Kong ready and willing to take up such a task? Or should another special agency or section be set up to undertake the job?

The previous criminal-like activities and their problematic implications for governance are actually the more easily solved part of the overall problem of crime in MMOG worlds. These criminal-like activities are designed and committed by individual players, who

are sometimes acting out of impulse instead of premeditation. Similar to the real world, there are highly organized groups in MMOG worlds that carry out sophisticated criminal-like activities through well-coordinated efforts and long-term plans. The typical organizing unit in MMOGs is the clan, which is a kind of brotherhood organization with a structure determined by the founders. But other more loosely and freely organized units are also present. An example of their activities is that they can group together to PK weaker groups or individual players in unfair ways to obtain loot. Another example is that they can manipulate the in-game market prices of MMOG items — through their collective wealth, clout, or simply by spreading false rumours — in order to make game currency. Such forms of market manipulation — if it occurs in the real world — are usually criminalized as unfair business practices. Although the criminalization of in-game forms of market manipulation may sound rather absurd now, the clans and groups doing it are making real world dollars from it. Another common activity is the group scam, in which several players set traps to fool unknowing players into selling their valuable items for extremely low prices or buying worthless items for extremely high prices.

A further social implication of the omnipresence of criminal-like activities in MMOG worlds is their particularly negative effect on adolescents. As I showed earlier, the Hong Kong public is obsessed with only a few negative effects of MMO gaming. The undesirable counter-educational effects that criminal-like activities have on children are at least as dangerous in the long run as addiction to the game or the undermining of school work. The criminal-like activities may encourage children to become immoral individuals and unlawful citizens, for example. Adolescents are usually not the most skilful players and they are the most likely to resort to criminal-like ways to keep up with the more skilful gamers. Even those who do not wish to scam or steal might learn to do so the hard way — being scammed or robbed of their hard earned items. And many of those who are scammed use the same tricks on others to gain back what they have lost.

A small number of adolescents in Hong Kong and elsewhere have committed suicide as a result of losing MMOG currency and

goods. What the young gamers lost might have taken them 2,000 to 3,000 play hours to obtain. But we do not have to approach such cases of suicide in psychologistic ways (viewing them as addictive or anti-social behaviour) as the media and public currently do, since we do not rely solely on psychological explanations when an adult commits suicide after he/she has lost his/her life savings in a scam or a stock market crash. I suggest that we also recognize the in-game social-structural causes of the problem: the lawlessness and rampant criminal-like activities currently going on inside game worlds. Both the public and the government have to realize that MMOG worlds are in some ways riskier places than crime-ridden ghettos in the real world (since ghettos are at least patrolled by the police), and not merely an addictive form of entertainment for children.

Exploitation in the Production of MMOG Currency

The production and retailing of MMOG currency is an even more recent industry than the development and publishing of MMOGs, as the retailing and production of MMOG currency could only thrive after the MMOG worlds became relatively large (up to millions of players for the largest games) in the past four or five years. Its industrial structure is still changing. Currently, there are a few different kinds of companies: those that focus on retailing, those that centre on production, those that do both, and those that focus on trading properties of a particular game world because that world is set up by the particular MMOG company that created the game. The activities of the last type of firm are the least problematic, as these companies are part of MMOG companies and were mainly created to service their game worlds instead of making a profit from them. The production of MMOG currency usually requires less overhead capital than the retailing of it, because production requires much less real world business expertise, management, and global connections than trading. The smaller firms are often those that focus on production alone; they may consist only of a few youngsters paid to work part-time in rented computers in Internet cafes. Larger firms provide their

own computer facilities and hire full-time workers on two shifts. The retailing of MMOG currency used to be carried out mainly on general trading websites such as eBay. Because the transaction system provided by eBay is not satisfactory to professional traders, many have gradually moved to specialized retailing websites such as that of IGE. Retailers tend to be run by knowledgeable people and are more visible than production companies. Their work is mainly to buy MMOG currency, items, or accounts when they get orders from consumers, and secondarily to facilitate trading among the MMOG players themselves to earn a commission. The item that is most commonly traded is game currency. What is hidden from view about the larger retailing companies is that they are informally yet heavily involved in the production of MMOG currency. It is easy as well as lucrative to vertically expand from trading to production. As I will explain below, the largest companies are certainly interested in doing this, but they remain secretive about their efforts because of potential conflict with MMOG publishers and the exploitative work conditions that production processes may involve.

I will focus on the real world problems entailed by the production of MMOG currency, although this is not to say that the retailing of MMOG currency has no social implications. With gaming expertise, real world business objectives, and human and institutional resources, MMOG retailers or manufacturers are well-equipped to carry out organized scams inside MMOGs if they choose to. These activities will have to be dealt with by authorities in ways that are similar to criminal-like activities committed by individual players and clans.

The social problem arising from the production of MMOG currency that I would like to highlight is the exploitation of workers: workers who “farm” MMOGs for valuables are often children under the legal working age, required to work long hours, and paid less than the minimum wage of their respective countries. For example, an enterprising owner of an Internet café can easily recruit willing young players in the café, give them free access to computer facilities and free MMOG accounts, and reap the fruits of their playing time. These operations are usually based in the cities of semi-developed countries such as South America, Southeast Asia, Eastern Europe,

and East Asia, where there is an Internet infrastructure and the population is computer literate and yet average wages are low. Not much is known about the production companies because they try to keep themselves below the radar of tax authorities, labour experts, and MMOG companies. Incidentally, parents may have children working for one of these companies for extra pocket money, and mistakenly think that these children are becoming addicted to the game.

It is not clear that the present labour laws of Hong Kong or elsewhere cover the work of producing MMOG currency. The playing of computer games is conventionally regarded as a leisure activity or a form of personal enjoyment or consumption, never as work. Production companies are profitably exploiting this legal loophole or oversight, and none have yet been prosecuted. Owners of the production companies can deny the existence of their productive activities unless real world authorities work with MMOG companies to trace the in-game transaction of virtual property. Such cooperation between law enforcement and tax authorities on the one hand and MMOG companies on the other has yet to be established. Cooperation will be difficult because the relevant MMOG servers and companies may well be located in a different country than the one in which the workers are hired. Since much transnational coordination and communication is needed, the tax authorities are currently ignoring this possible source of business tax. But scholars generally believe that the tax authorities will become involved sooner or later, and are only withholding their involvement now out of cost-efficiency considerations. Once the tax authorities begin to seriously deal with the production companies, labour relations in these companies may be revealed as well and labour organizations and legal experts may have the opportunity to address them.

A variation or extension of the problem of governing the production of MMOG currency that considerably complicates the problem is that such production is not necessarily organized in real world space. MMOG currency production companies can in principle be set up completely inside game worlds. Owners of these virtual companies can hire under-aged children to work long hours just as real world companies do. The management of production, the

recruitment of workers, and the paying of wages can all be carried out in virtual game space. Furthermore, they can choose to pay wages in the form of game currency rather than real world dollars. If real world dollars are not directly involved, this may pose a serious obstacle to tax authorities and labour experts who want to intervene in the production of MMOG currency. It is impossible to intervene under existing laws and it will be very difficult to establish new laws to govern these virtual companies.

There are reports in the Western press that Hong Kong is one of the main bases of MMOG currency production sweatshops (Biever, 2004). Because so little is known about the production companies, such reports have been quite widely circulated and subscribed to by MMOG observers in the West until very recently. Although it is difficult to collect any counter-evidence to conclusively prove that no such sweatshops exist in Hong Kong, I think the report is very likely incorrect. One main reason for holding this view is that it would be so much easier, cheaper, and more legally risk-free to manage the same sweatshop across the border in Shenzhen or Guangdong province. In fact, at least one MMOG currency retailer in Hong Kong is known to be running an MMOG currency production operation in Dongguan, Guangdong province. The retailer has a website (www.17122.com) and has set up a real world shop in Mongkok, Hong Kong. The retailer admits hiring about 60 workers around the age of 20, and to providing 24-hour services for the training of avatars (Markco, 2005:62).

Another piece of evidence that production sweatshops are not based in Hong Kong is that it has already been well publicized in the mainland Chinese press that a large industry for the production of MMOG currency exists. Due to different cultures of MMOG playing as well as different real life cultures, MMOG players in East Asia seem to assume a more morally neutral stance towards the real world transaction of MMOG currency than players in North America and Europe. Many Western players think that such a transaction is cheating, and also consider the playing of MMOG to make real world money as morally repulsive. Perhaps the contemporary societies of East Asia are more thoroughly commercialized than Western ones, East Asian players do not consider using one's real world buying

power to improve one's game avatar as cheating. Mainland Chinese players, similar to South Korean, Japanese, and Taiwanese ones, openly use the services of MMO property production companies. With a large domestic demand, the production of MMOG currency in mainland China is already well organized and thriving.

The production of MMOG currency does not have to be regarded in an entirely negative light by the Hong Kong government and the public, despite the above analysis. There are profitable and real business opportunities in the industry. As mentioned earlier, the MMOG currency trading and production industry is now about the same size as the MMOG industry. Cultural policy makers and creative industry observers in Hong Kong (or elsewhere) have never explored the business potential of this industry or tried to help local firms to develop it. Perhaps the effort to develop this industry is worthwhile even apart from its monetary gains. Because MMO virtual production has very flexible work hours and high entertainment value, the industry may provide job opportunities for the mentally handicapped, seniors, or the unemployed.

Ownership of MMOG Currency

Who owns MMOG currency? To the casual observer, it might seem obvious that MMOG players own (and should own) the MMOG currency that they have created. However, in the absolute majority of MMOGs available today, the legal ownership of all MMOG currency belongs to the MMOG company that created the game. There is an End User License Agreement (EULA) that every MMOG player needs to sign before he/she can subscribe to play the game, and one of the clauses in these EULAs is that players agree to grant ownership of whatever they produce in-game to the game company. In most cases, the MMOG companies certainly do not intend to confiscate the fruits of a player's labour; they can easily reproduce an infinite number of any valuable game items if they so wish. They claim ownership because ownership would give them an important legal advantage against players who try to sue the company for matters related to

the loss of MMOG valuables. There are some understandable reasons why MMOG companies seek to protect themselves in this way. Many MMOG players demand that game companies recreate the lost items or compensate them for these items. The items may be lost through the player's own fault, such as due to carelessness in playing the game, to the fault of other players such as hacking, or to the company's fault such as from the crashing of its server. Sometimes, the demand does not arise from the actual loss of an item but is a player's attempt to con the company into giving free items. Because it is too time-consuming for game companies to inspect every case of loss, and because compensation would open the door to an enormous amount of false claims of lost item, companies never compensate players unless in extremely exceptional situations. Companies would become involved in a great deal of litigation if players are the legal owners of the MMO virtual items.

Scholars are currently divided on the issue of the ownership of MMOG currency. However, very few scholars approve of the current practice of granting ownership to MMOG companies. Instead, the main issues are whether MMOG currency should be legally treated in the same ways in which we treat real world property, and over how the current ownership arrangement should be changed (Bartle, 2004; State of Play II, 2004). It is as important to protect the rights and interests of MMOG players as those of MMOG companies. It does not seem right that a player who spends thousands of hours producing an item in-game should not be the rightful owner of it. For policy purposes, Hong Kong's authorities may limit their focus to the particular issue of whether ownership should belong to MMOG players.

In June of 2003, an extremely important case of an MMOG player suing a game company for the loss of an MMOG item took place in Beijing. For the first time in the world, a verdict was passed that required a game company to compensate a player for lost items. Both Chinese and Western legal experts seemed to think that the verdict was reasonable (e.g., Tao, 2004). American experts were especially delighted because it could be many years before an American court rules on such an issue in favour of game players instead of companies.

With the Chinese precedent, the process of change in the United States may speed up slightly. Nonetheless, it is difficult to legally require MMOG companies to do away with the ownership clause in their EULAs. Change may have to be achieved through other means such as government persuasion and public opinion. It will be interesting to see what decision a Hong Kong court and MMOG companies take on this issue. Businesses in Hong Kong enjoy comprehensive pro-business legal protections that are similar to those in the United States, yet Hong Kong is part of China and Chinese courts have already shown a preference for granting ownership to game players.

The potential problems emerging from the issue of the ownership of MMOG currency may seem relatively easy to deal with in comparison with those of crime and exploitation in MMOG worlds. However, our legal and governing bodies still need to do more research and make difficult decisions about such problems in the near future.

Social Conflicts in MMOG

I have discussed the economic-induced problems and policy implications of MMOG in the past three sections. In this section, I will focus instead on political and social-induced problems of MMOGs. Social-political conflicts are rampant inside MMOG worlds. There are conflicts that arise completely from the design (or mis-design) of a game and from in-game mechanics. For example, let us assume there are eight classes of characters that players can choose for an avatar and that once they have chosen one they have to stick to it for that avatar. Suppose that a certain class (e.g., wizards) is inherently richer or stronger than all other classes, and that people who have chosen the wizard as their class tend to be discriminated against by players of all other classes. Such social conflicts are probably not relevant to policy makers in our real world government, although a game company might worry about the problem when designing their game worlds. Other kinds of social conflicts and phenomena arise out of a combination of in-game and real world social elements. Some of

these warrant intervention from real world governments, although the extent to which our government should become involved in resolving such conflicts and exactly which kinds of in-game social phenomena should be regulated with real world political force remain an open question.

Take the example of racial discrimination. If an individual tells degrading racial jokes among his own friends in a busy shopping mall in the real world, he can hardly be prosecuted. Similarly, if an MMOG player tells the same joke in a busy market area inside an MMOG, it is difficult to take any legal action against him/her. If an individual were to use a loud speaker to tell degrading racial jokes in a busy shopping mall for ten hours every day, then he would be detained by the security guards or the police. However, if an MMOG player were to do the same thing inside an MMOG, the chances are that he would get away with it. The racist gamer is not held legally accountable. If racial discrimination appears too remote from the interests of Hong Kong, substitute racial discrimination messages with the advertising of pornographic or gambling websites, which are more common in Asian MMOG worlds than racial discrimination messages. Or think about triad gangs or the Falun Gong recruiting members in MMOGs. Again, it is the lawlessness of MMOG worlds that is allowing such otherwise unlawful behaviour to occur on a daily, routine basis in MMOGs.

Currently, the government and the public in Hong Kong and elsewhere are not aware of the presence, implications, and scale of such in-game social activities. MMOG is a unique media space and medium that remains unfamiliar even to new media scholars. At a first glance, MMOGs do not function as a carrier of various types of information in the way that television or the Internet do, apart from the very specific game imageries that MMOGs contain (such as good heroes fighting evil dragons). But in reality — although this is not intended by their creators — MMOGs function similarly in some ways to BBS forums, chatrooms, or ICQ, and in other ways similarly to real world town centre plazas in their information functions. They are like chatrooms because players can and will say things that are totally unrelated to MMOGs. More importantly, any political,

business, social, and religious organizations can spend less than 20 USD a month to buy an account and advertise whatever they want to advertise inside a game. Advertising in MMOGs is so cost-effective that I think more and more organizations will discover and utilize it — at least until real world governments step in with an effective tool of control. They are similar to town-centres, and dissimilar to most forms of contemporary media, in that the receivers of messages do not have the choice of turning the media source off. If a player has to play regularly in a game, he/she has to walk through busy spaces in which numerous groups are advertising their non-game related messages. Some MMOG companies take action against such activities when they become unbearable. But similar to the case of in-game criminal-like activities, MMOG companies do not have the resources, expertise, or motivation to seriously deal with the problem.

Conclusion

All of the social policy issues of MMOGs that I have discussed have to be dealt with sooner or later, unless MMOGs cease to grow at their present rate. Hong Kong has so far been ignoring most of these issues, and relying solely on personal psychological viewpoints to interpret the effect of MMOGs on youths. Mainland China has not reacted sluggishly to the global popularization of MMOGs. Mainland China has paid attention to the social policies of MMOG worlds, in tandem with its heavy support of the online games industry and the development of Internet infrastructures. In certain areas, such as the legal treatment of the issue of MMOG property ownership, the Beijing government may be regarded as a world pioneer. Hong Kong may use its special position within China to develop its own MMOG-relevant policies in the near future.

Notes

1. All three figures are conservative. There are different estimates for the number of MMO gamers in Hong Kong in 2002 and the

highest one was 400,000 (Centre for Cultural Policy Research, 2003). The Breakthrough yearly survey of 2004 found that the average gaming time of non-addicted gamers is 2.96 hours and that of addicted ones is 5.5 hours (Breakthrough Research Team, 2004). The average playing time of United States gamers is 3.3 hours. The per hour economic worth of playing EverQuest in the late 1990s was estimated to be around 3 USD by Castronova (2001).

2. I use the term “criminal-like activities” instead of “criminal activities” because these activities are not technically criminal according to present real world laws, in Hong Kong or elsewhere.

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Policy Implications of Massively Multiplayer Online Games for Hong Kong

Abstract

Massively multiplayer online games (MMOGs) are generally recognized to be an emerging and lucrative creative industry, but few have noticed that the production and retailing of MMOG goods is almost as lucrative as the games themselves. MMOG worlds contain enormous amounts of real world economic value, yet are not under the jurisdiction of any governments or legal systems. These extraordinary circumstances could potentially give rise to social problems. In this study, I discuss three of the most serious of these problems: the prevalence of criminal-like activities such as scamming or market manipulation inside MMOG worlds, the operation of companies producing and trading in MMOG goods, and the ownership rights of MMOG goods. I identify the possible social impact of these problems and discuss the policy challenges that each of these problems could present for Hong Kong.

網絡遊戲與香港的相關政策意涵

趙明德

(中文摘要)

學界與商界都已察覺到網絡遊戲這新興工業的冒起，但仍甚少有人了解到網絡遊戲虛擬物品的生產與銷售，竟也是個不比網絡遊戲小的工業。網絡遊戲的虛擬世界實際上包含了非常巨大的經濟價值，但並未受現實世界的任何政府所管轄。這獨特的情況隱藏了不少危機，本文集中討論三種有可能出現的問題：網絡遊戲虛擬世界內的行騙與市場干預、網絡遊戲虛擬貨幣與物品生產的勞工問題，以及網絡遊戲虛擬財產的擁有權問題，繼而分析這三種問題對香港社會的潛在影響和政策意涵。

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