

# Gold farming

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**Gold farming** is playing a massively multiplayer online game to acquire in-game currency, e.g. gold.<sup>[1]</sup> This is then usually sold, against the wishes of the game's operator,<sup>[2][3]</sup> to other players.<sup>[1][3][4][5]</sup> People in China<sup>[3][5][6][7]</sup> and in other developing nations<sup>[8][9]</sup> have held full-time employment as gold farmers.

While game operators expressly ban the practice of selling in-game currency for real-world cash,<sup>[2][3]</sup> gold farming is lucrative because it takes advantage of economic inequality and the fact that much time is needed to earn in-game currency.<sup>[5][7][10][11]</sup> Rich, developed country players, wishing to save many hours of playing time, may be willing to pay what amounts to substantial sums to the developing country gold farmers.<sup>[12]</sup>

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## History

What began as a cottage industry in the late-nineties with players using eBay and PayPal to sell each other items and gold from Ultima Online<sup>[13]</sup> and Lineage,<sup>[14]</sup> the sale of in-game currency has become increasingly more commercialized with the growing popularity of massively multiplayer online games.<sup>[2]</sup>

Today's gold farming may have its origins in Korea, spreading from there to China. 2001 reports describe Korean PC bangs, or cybercafes, being converted into gold farming operations to serve domestic demand.<sup>[14]</sup> This model, with full-time gold farmers working long hours in cybercafes,<sup>[4][7][12]</sup> soon spread to China and experienced swift growth circa 2004.<sup>[14]</sup>

Academic studies of Gold Farming reveal that the social networks of Gold Farmers are similar to those of drug dealers.<sup>[15]</sup>

## Figures

While reliable figures for gold farming are hard to come by,<sup>[4]</sup> as is the case with most illicit activities, there are some estimates of the market for in-game currency.

In 2005 The New York Times stated that there were over 100,000 professional, full-time gold farmers in China alone.<sup>[12]</sup> And in 2006 sales of such virtual goods were thought to amount to somewhere between 200<sup>[11]</sup> and 900 million USD.<sup>[5]</sup>

Another estimate, drawn from 2005/2006 data, valued the market at not less than USD200 million per year<sup>[16]</sup> and suggested that over 150,000 people were employed as gold farmers with average monthly earnings of USD145.<sup>[16]</sup> This same report estimated that 80% of all gold farmers were from China,<sup>[4]</sup> a fact which has led to prejudice towards Chinese players.<sup>[17]</sup> 2008 figures from the Chinese State valued the Chinese trade in virtual currency at over several billion yuan, or nearly USD300 million.<sup>[18]</sup>

## **Rules and enforcement**

In virtually all online games gold farming is specifically prohibited by the game's EULA or terms of service and is grounds for a ban.<sup>[2][19]</sup>

## **Law, regulation and taxation**

Awakening to the idea that virtual goods can have real value, some governments have taken action in this area.

### **Australia**

In 2006 a spokesperson for the Australian Government stated normal earned income rules also apply to income from the sale of virtual goods.<sup>[20]</sup>

### **China**

The Chinese State banned using virtual currency to buy real-world items in 2009 but not the reverse.<sup>[21]</sup>

### **Japan**

In response to increases in gold farming, in 2006 the Japanese Government urged the industry to self-regulate as well as vowing to investigate this species of fraud.<sup>[22]</sup>

### **Korea**

A Korean high court's 2010 ruling means that exchanging virtual currency for real money is legal in the country, although subject to taxation.<sup>[23][24]</sup>

### **US**

A US Congressional committee investigated taxation of virtual assets and incomes in 2006,<sup>[25][26]</sup> and the IRS has, in its National Taxpayer Advocate's 2008 Annual Report to Congress, expressed concern that virtual worlds are a growing source of tax noncompliance.<sup>[27]</sup>

### **Lawsuits**

Zynga, the makers of FarmVille, successfully sued to stop online sales of its in-game currency.<sup>[28]</sup>

## **In the media**

Coy Doctorow's 2010 novel For The Win is based around gold farming and the growth of unionisation among workers in developing country economies.

## See also

- Powerleveling
- Virtual currency
- Virtual good

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## External links

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