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LOSING THE GAME

How Blockchain and NFT Technology Turns Games Into
Work and Destroys Humanity in the Process

Claudius Clüver / Max Kanderske

Academic due diligence necessarily leads to caution in classifying ongoing developments: the need to restrict one's focus to certain aspects, the tentative status of one's findings and the fact that researchers have to consider how a strongly worded opinion could impact future career prospects lead to a dynamic in which academics rarely find clear and concise words in formulating a critique of recent phenomena. To evade these pitfalls, Spiel|Formen provides a space for timely critique in the form of an op-ed co-written by changing members of our editorial board.

PLAY, WORK AND DIGITAL CURRENCIES

In this first op-ed, we want to comment on the relationship between certain phenomena of crypto technology – mainly non-fungible tokens (NFTs) – and the gaming world. As one can easily miss the forest for the proverbial trees by getting lost in the financial and technological minutiae of the topic, we deliberately focus on the broad strokes, contextualizing recent developments at the intersection of gaming and cryptocurrency. Even though these might be painfully obvious for anyone observing the discourse and culture around it, we nevertheless feel the need to provide an explicit counterpoint to the notion that NFTs and crypto in general offer exciting or promising technological innovations or that they might be a harmless, nerdy trend. As we will show, the rise and fall of crypto is revealing of a larger trend pervading online, technological, and especially financial cultures as well as of harsh truths about the neoliberal project. These broader insights will remain vitally important, even as current crypto products continue to fizzle out.

Earlier this year, a headline reverberated through the news media: People are making money by playing computer games now! The articles in question focused on the game *Axie Infinity* and its role in ushering in an era of so-called play-to-earn (or play2earn) games underpinned by the power of blockchain technology. Apparently, someone had found a new way to make a profit by paying others to play a game, the distinction being that this time it was a) legal¹ and b) did not involve competing for viewership or prize pools.

That the “dissolution of the border between play and work” presented by *Axie Infinity* is still newsworthy in 2022 not only highlights the continued need for game studies scholars to critically engage with phenomena that have been variously dubbed as “precarious playbour”, “laborious play”, “fan work”, “click work” etc.; it also prompts us to take a closer look at the specific factors leading up to the - albeit short-lived - popularity of the play2earn model.

Blockchain tech and the cryptosphere have long been linked to the world of online gaming, with cryptocurrency exchange platforms buying copious amounts of advertising space at esports events and sponsoring popular streamers and professional players alike. From a marketing perspective, that seems to be a sensible strategy: in the name of libertarian values like freedom and decentralization, ‘gamers’ and internet users time and again have rallied against various forms of content moderation and regulation on the web, oftentimes protecting the industry’s bottom line and further entrenching pre-existing injustices in the process. This ostensibly libertarian mindset, primarily a strongly felt need to fight for their nerdish fiefdoms against ‘overreaching’ outside forces, not only rendered gamers susceptible to the courting of Steve Bannon’s alt-right, but it also made them an ideal target audience for a supposedly decentralized currency promising protection from governmental influence via its very technological structure.²

¹ While the practice of gold farming in MMORPGs already followed a similar business model, gold farmers rarely had the developers’ consent and usually violated their terms of service.

² The connection between gaming and crypto can also be traced back to one of the supposed starting points of crypto’s lineage, the works of Neil Stephenson who

The gaming industry on the other hand has its own history of creatively inventing currencies to fit their current business needs. These range from keeping money within proprietary platform ecosystems, to obfuscating how much money players are sinking into their games, right up to preying on their own user bases by designing so-called free-to-play (f2p) games around gambling mechanics; all in the hopes of catching the elusive ‘whales’, players whose excessive spending habits far outweigh the multitudes of non-paying users. Given these developments, it comes as no surprise that the connection between blockchain tech and the world of online gaming has become even more explicit during the recent growth of the crypto bubble fueled by the rise of NFTs³: ‘play2earn’, the ‘next big thing’ dreamt up by crypto start-ups, renews a promise that is probably as old as digital gaming (at least as old as the late nineties, when esports took hold in South Korea): that digital technology would enable us to earn money playfully and, in doing so, liberate us from the burdens of modern work.⁴

CLICK-WORK, CRISES, AND COLONIALISM

This language is veiling (quite thinly) the actual structure of play2earn which closely follows the true-and-tested capitalist-worker dichotomy: Typically, investors pay the high starting price for players who then have to play the game and get a cut of the profits. These investors are primarily

popularized the term ‘avatar’ in the context of virtual worlds and whose books allegedly were mandatory reading in Microsoft’s Xbox development team.

³ Non-fungible Tokens; Explaining NFTs invariably runs the danger of making them sound more complicated and technically sophisticated than they are while also making them sound more harmless and beneficial than they are. To give a brief summary that avoids these pitfalls: A NFT is a digital receipt that can store any piece of code on it. In most cases it will store an html link to an image on a website. Every NFT also contains a unique identifying number whose identification and uniqueness is verified via blockchain technology. Blockchain is a way of verifying data that avoids trusting a central authority by both forcing users to trust smaller authorities and wasting a lot of energy for computer calculation on cryptographic (“Crypto”) operations.

⁴ The last renewal of this promise came in the form of let’s playing and live streaming. Of course, both esports and streaming produce workday-like structures once carried out with the intent to make a living.

middle-class people from the industrial nations, the so-called players are click-workers in low-income countries. Hope for an improved economic situation connects these two, as well as the publishers of the game who actually own the game and the servers it runs on. The publishers are hoping for dotcom-bubble-style mega careers, to progress from being 'merely wealthy' to the kind of superrich stardom people like Bill Gates, Jeff Bezos or Elon Musk embody. These are the only ones making 'real money', even if for most, their high-flying dreams inevitably crash as their currencies - and the crypto market as a whole - fall off the precipice. We don't have any doubt that when the dust settles on the crypto crash the wealthy involved will still be merely wealthy, the middle class will still be middle class and the colonized will still be subjected to colonialism.

Pay2earn's attractiveness is deeply rooted in the precarious material situation brought about by an ongoing polycrisis that has seeped into every part of everyone's collective lives: as economic and ecologic turmoils expose the paradigm of economic growth as untenable and render the promises of the American dream void, younger generations increasingly seem to be grasping at straws in the hopes of attaining or sustaining the level of material prosperity their parent generation enjoyed. This fear of social decline not only renders these middle-class 'investors' susceptible to technophobic imaginaries, but also vulnerable to the various con schemes attached to them. Accordingly, the cryptosphere is ripe with scams and exploits enacted on all levels of the ecosystem: from developers manipulating their own currencies and eloping with funds, to hackers stealing from wallets up to parasitic billionaires initiating pump-and-dump schemes via twitter. In promising a way to 'push through' the material limits of growth via a convenient technological fix, crypto and pay2earn closely follow in the footsteps of the dot-com bubble, which likewise set out to generate stellar profits by conquering the promised land of digital immateriality in the early 2000s. We all know how that one turned out for retail investors and workers. The dot-com bubble nevertheless generated some lasting technological and social innovations (for

better or worse), which supported the rise of a few tech billionaire fortunes, something that crypto will only achieve on a much smaller level if at all.

That the act of playing, and by extension earning, appears to happen within the digital realms of online games cannot mask the considerable material basis of the play2earn model: the global middle class invests its savings, colonial subjects offer labor, and the underlying crypto technology runs on wasteful amounts of hardware and energy, which is often generated by burning coal.⁵

The ensuing situation is best described as a layering of various forms of alienation and exploitation: a kind of *clickwork colonialism*, in which any superficial playfulness reveals rather than masks the economic relationships between the participants. It seems that when you combine work and play, rather than being liberated from work, any residual playfulness the game might have provided is lost and you end up with another drab and menial job – you lose the game in the strongest sense of the expression.

PLAY2EARN: A POLITICAL STATEMENT

Nevertheless, play2earn “games” use the concepts of “game” and “play” while heavily leaning into the aesthetics of cheap and low-effort free-to-play-games commonly found on the app store or on Facebook. By borrowing these aesthetics and following the naming pattern established by “free-to-play”, “play-to-earn” betrays its intent to continue down a road that has been well-trodden in digital games already: The search for ever-new models of monetization in an attempt to get players to pay as much money as possible while providing as little ludic content as possible in return – only this time with NFTs underpinning and interweaving both in- and out-of-game economies.

⁵ An estimation of Bitcoin’s carbon footprint, global energy consumption and production of electronic waste can be found here: [//digiconomist.net/bitcoin-energy-consumption](https://digiconomist.net/bitcoin-energy-consumption).

While these continuities certainly do exist, we feel that there is a qualitative difference that prevents us from describing play2earn as just another stage in the development of monetization schemes: Within the context of f2p monetization models, digital games and parts of their player bases emerged as a ‘woefully underexploited’ target audience. This view is substantiated by the fact that the spending ceiling in f2p games keeps rising - the purported cost for maxing out a character in *DIABLO IMMORTAL* (Blizzard 2022) is half a million dollars - and is even made explicit by industry leaders like Unity’s CEO, who recently called f2p developers who do not focus on optimizing monetization “fucking idiots”⁶. Consequently, f2p models have been mainly discussed from a design and ethics perspective with issues like gambling and addiction dominating the discourse. As we have shown, pay2earn - and blockchain gaming in general - goes way beyond designing dopamine-seeking reward loops and catching ‘whales’ to carry a game’s economy. Here, developers tap into the fear of social decline and of wasting one’s time with gaming in an age that valorizes self-improvement over ‘unproductive’ leisure. Accordingly, their products exhibit a much larger potential to interfere with player’s (affect) ecology, as they promise social and economic advancement while deliberately exploiting the Ayn Randian disposition of self-styled libertarian ‘gamers’. At the same time, they address capitalism’s need for ever-new financial constructs with which to move money around the globe, launder it, and scam those vulnerable to the con schemes that inevitably develop in the vicinity of new financial technology.

When Bill Gates recently described cryptocurrencies as a model case for the “greater fool theory”⁷, he did not reflect that foolishness is often born out of desperation - the desperation of people who are confronted with problems that cannot possibly be solved on an individual level, while having internalized that the only tool at their disposal is that which they have (or have not) individually earned: their money. With economic and

⁶ See <https://kotaku.com/unity-john-riccitiello-monetization-mobile-ironsource-1849179898>.

⁷ The theory posits that a “fool” who has bought an already overvalued asset might still profit from his purchase as long as he can sell it to an “even greater fool” willing to pay an even higher price.

ecologic crises bearing down on people, the promises of immaterial goods who only ever appreciate in value continue to mesmerize players and developers alike.⁸ Companies like *Square Enix*⁹ and industry veterans like Will Wright,¹⁰ who doubled down on their engagement in the cryptosphere despite the recent downturn,¹¹ ensure that games will continue to be one of the stages on which the conflicts outlined above will be enacted. We feel that describing the industry's involvement in blockchain shenanigans like play2earn as 'merely another monetization scheme' would be deeply negligent. Rather, it has to be understood as a political statement in favor of colonialist working conditions and a libertarian marketization of everything – a statement that deserves any derision games scholars and journalists can muster.

CRYPTO-FASCISM?

Of course, this is not without historic precedent: The entanglement between digital currencies, colonialist attitudes and games-turned-work can be traced back to the practice of gold farming, which could rightfully be classified as click work *avant la lettre*. Likewise, right-wing ideology has been present in this mélange from the start. After all, it was Steve Bannon who famously realized the political potential of privileged but angry young men during his brief stint in the gold farming business. A line can be drawn from the Chinese gold farming sweatshops he helped to finance, to Breitbart News and, eventually, Trump's White House.¹² Now the line seems to curve back on itself, as the men he helped to radicalize are driving the development and proliferation of crypto technology. There have long been

⁸ See Facebooks renewed push for “virtual real estate” in the form of their metaverse.

⁹ See <https://kotaku.com/nft-market-collapse-square-enix-ubisoft-sega-konami-sca-1848878945>.

¹⁰ See <https://kotaku.com/will-wright-simcity-the-sims-nft-blockchain-metaverse-1849684767>.

¹¹ Luckily, the hype surrounding NFTs seems to be fading, see <https://www.bloomberg.com/news/articles/2022-09-28/nft-volumes-tumble-97-from-2022-highs-as-frenzy-fades-chart>.

¹² See Green, J. (2017): *Devil's bargain: Steve Bannon, Donald Trump, and the storming of the presidency*. Penguin.

suspicious of big players in the crypto sphere adhering to libertarian or even extreme right-wing ideals. The visual language employed in Yuga Labs' famous "Bored Ape Yacht Club" NFT collection seems to be heavily influenced by 4chan's racist and sexist meme culture. Should the accusations of actual right-wing extremism¹³ leveled against the company's founders turn out to be true, it would add a very concrete layer of meaning to the term 'crypto-fascism'.

These issues seem to have been largely overlooked by many in the academic sphere – several articles encountered during our research exhibited a cautiously optimistic attitude towards crypto's alleged potentials (especially for the art world), others were even empathetically hopeful for its reformatory social potential. These texts continued to be published, even as online gaming communities, journalists and critics issued warnings against the dangers of NFTs in gaming and elsewhere. Academia at large failed to criticize – or even recognize – these developments in a clear and definite way. Thankfully, the task has been taken up by video essayists like YouTube filmmaker *Folding Ideas* and the more critically inclined writers at gaming-related blogs like *Kotaku*. Nevertheless, we feel that it is woefully negligent to leave the timely engagement with these topics to articles and YouTube videos precariously funded by Google ad money and crowdfunding platforms like Patreon. Any caution towards crypto afforded by academic texts can be seen as an achievement in this light, even if paired with optimism. Maybe by the time of the next fintech "innovation" it is safer to err on the side of critical engagement.

¹³ Evidence for right-wing symbolism in the "Bored Ape Yacht Club" NFT collection is gathered here: <https://gordongoner.com/>. To have mentioned the obvious pun, this would make them crypto²fascists. Surpassing suspicions, there has been an NFT-Project called "Meta Slave" where one could buy NFTs of photos of black people.