

# CivMC Local Icenian News 3

11-02-2025 1D

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Hello and welcome to the 3rd edition of the Local Icenian News, where today we have a special article written by a member of the community called Joe Accord. He has written a lovely piece about risk-management and investing. As well as that I have written about the formation of the WEC. First though, Joe's article.

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## Risk Management

My partner brought me to Pavia because of its developed economy and the existence of public companies. For those not in the know, public companies are not owned by a government; they are the ones with stocks. That is to say, ownership of the business is generally available to the public because the shares can be traded among everybody. For many, to be an investor is to be someone who plays with stocks and comes out with more money than they started. Pavia's stock market is what connected the dots for Jomonke and allowed him to sell the idea of joining to me.

The pitch worked, but I must confess something. The reality of investing is much more than stock markets, and it is also much simpler. This profession that we call investing is primarily one of risk management. It is not one of profit-seeking or even profit-making.

The average Civ player probably hasn't spoken to many investment advisers, but some things advisers say have trickled into the general population. Many have undoubtedly heard at some point in their lives the following: To achieve higher returns, one needs to take more risk.

In finance, most professionals consider assets whose prices change rapidly to be the riskier ones. Rapid price movement is called volatility. Stocks are known to be volatile, while bonds are not. A bond is just debt, and the debt agreement says how much interest and principal are to be paid. The market knows a fair price for that. Stocks are harder. They don't have scheduled repayments; they have earnings, and how can we know how profitable a business will be?

The strange part here is the magic trick that professionals have gotten away with doing for several decades now. They've made risk all about the change of an asset's price, whether or not it says anything about the asset's earnings. Suppose Company A has a bad year and records losses instead of profits while also having a lot of debt, but Company B reports not only profits, but has earnings growth of 15% from the previous year and no debt at all. All else being equal, if both stocks rose or fell 10% together, would it make sense to consider both companies equally risky? Of course not.

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Just as there are public companies, there are private ones. For those not in the know, these are companies without stocks. If you ever ran a lemonade stand, that was a private business. Any kid selling lemonade has had to consider the risks that could lead to spending money on the stand and not making it back. There may not be enough days left in summer to sell enough cups. Some of the days could be rainy, which is not a day that someone wants to buy lemonade. There could be a mean dog known to get loose who makes neighbors afraid to go out for long. Now, imagine if an investment adviser came up to the kid and tried to convince them that their business isn't risky because nobody is bidding the price up and down. This may sound silly because it never happens, but this is essentially what most professionals are saying when they call stocks risky.

While I might have said investing is the profession of risk management, I don't believe most professionals are known for that, largely because they have a warped concept of risk in the first place. The sad truth is that many people have their savings managed by managers but not truly invested by investors.

In Minecraft or Civ, players have a sense of what's risky. Torches, for example, are a fairly inexpensive way to reduce one's risk while mining. By lighting up areas, this eliminates the chance that hostile mobs will spawn and kill you, which could lose you not only all the ores you collected but your gear as well. Risk here is properly understood as what materially jeopardizes the outcome of the mining venture.

Written on the walls of J&J's office is the old saying "A bird in the hand is worth two in the bush." The earliest recorded version of the saying in English is from the Renaissance. Middle Eastern variants date back to the 6th Century CE. Even the poorest among us live in enough abundance that we can pretend to struggle on a server like Civ. It might be easy to forget that our ancestors, just a few hundred years ago, often had to weigh decisions like that in this saying.

In investing, it's more important to avoid a loss than it is to win. For example, the bird in your hand may be your only food for that day. Not eating is a risk. You will be weaker the next day and less likely to catch another bird. This problem can snowball until you die. It would be foolish to give up the bird you have for only one, since you would be taking on risk for only an equivalent payoff.

The suggestion that at least two should be in the bush introduces an interesting concept. Some might think that this is where the profit-seeking of investing comes in, but that's not quite the case. Instead, the concept here is being properly compensated for one's assumption of risk.

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Different variants of the saying suggest that ten birds must be in the bush. Clearly those individuals believe two do not compensate them enough. After all, both birds could escape. The more birds there are, the odds of all of them escaping is smaller, which makes it easier to recover one bird they paid. Even if they do not get all ten, getting four is more likely, which is still a good result.

The player who mines asks themselves the same question: "If I spend this amount of materials on tools for mining, will I at least get that back?" If enough diamonds consistently spawn in the veins (that is to say, if enough birds are in the bush), the proposal becomes almost risk-free. Yet, we know that it isn't, for the reason of hostile mobs that I mentioned before. In addition to choosing the option with better upside, they can make additional choices (such as laying torches) to minimize the downside.

None of this requires stock exchanges or red and green charts. It doesn't even require a clearly defined form of money that can be used to measure success or failure. The heart and soul of investing comes from the investor's ability to perceive risk and manage it effectively. This often comes from demanding an adequate level of compensation for the assumption of risk, while also noticing what could trigger the worse outcomes and knowing how to prepare for it.

Anybody who consistently uses this process deserves to be called an investor, and yet so many will feel that investing and financial security are beyond them because they don't know what a discount rate is or how to read a balance sheet. These are overcomplications, which are very helpful to financial professionals who need clients. Yet, some of you are probably looking back on your experiences in Civ and remembering moments where you were effectively managing your risk and coming out ahead doing it.

My hope is that you are also starting to ask: What stops me from doing it for real?

### The WEC - A new era for Infrastructure?

A significant milestone in economic cooperation has been reached with the formation of the Western Economic Community (WEC), an economic union aimed at fostering infrastructure development across the Western Continent of CivMC. The initiative, spearheaded by Kaltsburg in January 2025, saw its final founding signatures completed on February 3, 2025.

The WEC is designed to coordinate the construction and funding of critical infrastructure, with a primary focus on railroads, roads, and other vital links between member nations and cities. To achieve this ambitious goal, the alliance will maintain common warehouses where delegations may contribute materials for communal use. Additionally, the organization will oversee rail planning, facilitate connections, and ensure the cohesion and effectiveness of the continent's expanding transport network.

Unlike other alliances restricted to sovereign nations, membership in the WEC is open to all communities on the continent, including subject nations. Notably, founding members Bloom and Southshire are part of the alliance despite their political affiliation with Icenia. This inclusive approach ensures that a broad range of communities can collaborate towards shared infrastructural progress.

The official headquarters of the WEC is located in Kronnstadt, Kaltsburg, symbolizing the alliance's commitment to long-term regional cooperation. With infrastructure projects already in planning, the future of the Western Continent looks increasingly interconnected and prosperous under this new economic union.

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## Competition Time!

Congratulations to the Ritteraal for being selected as this week's Build of the Month! This stunning structure showcases impeccable historical architecture, featuring intricate detailing, a grand stepped gable, and a commanding presence that truly sets it apart. From its carefully crafted stonework to its picturesque surroundings, the Ritteraal is a masterpiece that captures the essence of classic European design.

Think your build has what it takes to be next? Submissions for next week's Build of the Month are now open! Send in your best creations via Discord for a chance to be featured and celebrated across Icenia. Stay tuned for the next winner—will it be you?

Go to <https://discord.com/channels/1334240703005458503/1334256660818169877> to sign up for the next build competition to potentially win 16d for FREE!



Here is the winning build by deyan! It's amazing architecture stands tall over the forest and water!

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## Editor's Message

That raps up the interview with Chris and this weeks full newspaper article. Thanks for reading this and to those who signed up to last week's competition. Good luck for those who have joined for the next issue's contestants!

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