



VOICE OF BUSINESS

Federal Reserve needs to take care while hiking



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On Dec. 14, 2022, the Federal Reserve Bank raised the interest rate by another 0.5%, which caused the European Central Bank to also hike its rate at the same time by 0.5%.

The Federal Reserve needs to be cautious with the rate increases and give the economy time to adjust and allow the free market to take charge. The economy is at a sensitive place, and with federal reserve economists behind the curtain in Oz, the future of the economy is uncertain for our business community, especially small businesses in the Dayton region.

Our economy is at a tip-

ping point and whether it stabilizes or declines could be determined by a statement or action of the federal government. Our businesses need economic certainty and confidence in the market and business lending. Higher interest rates have a direct impact on small businesses' ability to borrow essential funds, which will affect cash flow and ultimately operations, including hiring personnel and capital investments.

If small business does not have confidence in the economy, they could delay investments, growth and expansion.

All of this is coming at a time when key industries are still recovering from the pandemic. Inflation has decreased from 9.1% to 7.1% at the end of November 2022 and we're expecting December's numbers to continue to decline.

Regional economic indicators point to a modest local economy:

- The Dayton area unemployment rate currently sits at 4%;

DAYTON AREA CHAMBER OF COMMERCE 2022 LEGISLATIVE WINS

The Dayton Area Chamber of Commerce commits to our members and the greater Dayton region that we will continue to strive for a business-friendly legislative and regulatory environment that encourages businesses' growth and economic prosperity. Our priorities are set in collaboration with our chamber members and driven by legislative events held during the year, proactive lobbying from our three on-staff registered lobbyists and the Legislative and Regulatory Affairs Committee.

As we head into the new year, we would like to take time to reiterate the 2022 wins for the region's business community as championed by the chamber:

HB 569 Hidden Heroes passed Ohio House in May & Senate in December

- The impact to the Dayton region: This bill keeps the region "veteran-friendly" by removing the barriers for the caretakers of military and veteran families who enroll in higher education to promote career mobility.

SB 105 MBE, VBE, WBE Reciprocity. Signed by Gov. DeWine in February

- The impact to the Dayton region: This bill will remove needless red-tape and unnecessary paperwork for minority, women and veteran entrepreneurs seeking certification in Ohio.

Hosted Sen. Rob Portman, Sen.-Elect J.D. Vance, Congressman Tim Ryan and Federal Reserve President Dr. Loretta Mester

- The impact to the Dayton region: By bringing our leading legislators and community officials here to Dayton, the voice of the business community is amplified and kept relevant. The chamber is proud to have connected and allowed our members the opportunities to discuss and voice their needs to Ohio's leaders.

- In early fall, the number of homes sold in the region was down 2.5% from 2021;

- Regional sales tax collections increased by 4.16% over the previous years.

Small businesses are

hanging on in the Dayton region, but we have to be cautious not to push them over the edge.

Not since the 1980s has the federal reserve raised rates by 4.25% in one year. In the early '80s,

inflation was over 10% and interest rates went through the roof. In 1981 Congress removed the caps on interest rates, eliminating an 18% cap on commercial loan rates and a 12% cap on individ-

ual loan rates.

Sharp interest rate increases resulted in individual mortgage rates climbing to over 18%. That type of economy is not conducive to economic growth. As borrowing money becomes significantly more expensive, home sales, vehicle sales and business borrowing will all be impacted.

Covid-19 had a rollercoaster impact on these industries and now is not the time to continue on this rollercoaster; we need stability and certainty. Supporting our local auto dealers, shopping for the holidays and buying homes leads to business growth and will keep our economy moving forward.

Federal economists need to pay close attention to past history, but also understand that none of us has navigated a post-pandemic economy and there isn't a playbook for this game. Be careful, this is uncharted territory and an overcorrection could have serious impact.

Netflix

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the duo in 1998 to launch a DVD-by-mail rental website that they always knew would be supplanted by even more convenient technology.

"It was planned obsolescence, but our bet was that it would take longer for it to happen than most people thought at the time," Randolph said.

With Netflix's successful streaming service, it might be easy to assume that anyone still paying to receive DVDs through the mail is a technophobe or someone living in a remote part of the U.S. without reliable internet access. But subscribers say they stick with the service so they can rent movies that are otherwise difficult to find on streaming services.

For Michael Fusco, 35, that includes the 1986 film "Power" starring a then-youthful Richard Gere and Denzel Washington, and 1980's "The Big Red One" starring Lee Marvin. That's among the main reasons he has been subscribing to the DVD-by-service since 2006 when he was just a freshman in college, and he has no plans to cancel it now.

"I have been getting it for almost half my life, and it has been a big part," Fusco said. "When I was young, it helped me discover voices I probably wouldn't have heard. I still have memories of getting movies and having them blow my mind."

Tabetha Neumann is among the subscribers who rediscovered the DVD service during the throes of the pandemic lockdowns in 2020 after running out

of things to watch on her video streaming service. So she and her husband signed up again for the first time since canceling in 2011. Now they like it so much that they get the plan that allows them to keep up to three discs at a time, an option that currently costs \$20 per month (compared to \$10 per month for the one-disc plan).

"When we started going through all the movies we wanted to see, we realized it was cheaper than paying \$5 per movie on some streaming services," Neumann said. "Plus we have found a lot of old horror movies, and that genre is not really big on streaming."

Konkle, who has written a book about Marilyn Monroe's films, says she still finds movies on the DVD service – such as the 1954 film "Cattle Queen of Montana," featuring future U.S. President Ronald Reagan alongside Barbara Stanwyck and the 1983 French film "Sugar Cane Alley" – that help her teach her film studies classes as an associate professor at Georgia Southern University. It's a viewing habit she doesn't usually share with her classes because "most of my students don't know what a DVD is," said Konkle, 40, laughing.

But for all the DVD service's attractions, subscribers are starting to notice signs of deterioration as the business has shrunk from producing more than \$1 billion in annual revenue in 2021 to an amount likely to fall below \$200 million in revenue for 2022.

Katie Cardinale, a subscriber who lives in Hopedale, Massachusetts,

says she now has to wait an additional two to four days for discs to arrive in the mail than she used to because they are shipped from a distribution center in New Jersey instead of Boston. (Netflix doesn't disclose how many DVD distribution centers still operate, but there were once about 50 of them in the U.S.).

Konkle says more discs now come with cracks or other defects in them and it takes "forever" to get them replaced. And almost all subscribers have noticed the selection of DVD titles has shrunk dramatically from the service's peak years when Netflix boasted it had more than 100,000 different movies and TV shows on disc.

Netflix no longer discloses the size of its DVD library, but the subscribers interviewed by the AP all reported the narrowing selection is making it more difficult to find famous films and popular TV series that once were routinely available on the service. Instead, Netflix now sorts requests for titles such as the first season of the award-winning "Ted Lasso" series – a release that can be purchased on DVD – into a "saved" queue, signaling it may decide to stock it in the future, depending on demand.

Knowing the end is in sight, Randolph said he will lament the death of the DVD service he brought to life while taking comfort its legacy will survive.

"Netflix's DVD business was part-and-parcel of who Netflix was and still is," he said. "It's embedded in the company's DNA."

CLOSER LOOK

Cuba's informal market finds new space on growing internet

By Megan Janetsky
Associated Press

HAVANA — In the Telegram group chat, the messages roll in like waves.

"I need liquid ibuprofen and acetaminophen, please," wrote one user. "It's urgent, it's for my 10-month-old baby."

Others offer medicine brought from outside of Cuba, adding, "Write to me in a direct message." Emoji-speckled lists offer antibiotics, pregnancy tests, vitamins, rash creams and more.

The group message, which includes 170,000 people, is just one of many that have flourished in recent years in Cuba alongside an exponential increase in internet usage on the communist-governed island.

The informal sale of everything from eggs to car parts – the country's so-called black market – is a time-honored practice in crisis-stricken Cuba, where access to the most basic items such as milk, chicken, medicine and cleaning products has always been limited. The market is technically illegal, but the extent of illegality, in official eyes, can vary by the sort of items sold and how they were obtained.

Before the internet, such exchanges took place "through your contacts, your neighbors, your local community," said Ricardo Torres, a Cuban and economics fellow at American University in Washington. "But now, through the internet, you get to reach out to an entire province."

With shortages and economic turmoil at the worst they've been in years, the online marketplace "has exploded," Torres said.

Bustling WhatsApp groups discuss the informal exchange rate, which provides more pesos per dollar or euro than the official bank rate.

Meanwhile, Cuba's versions of Craigslist – sites such as Revolico, the island's first digital buying-and-selling tool – advertise everything from electric bicycles brought in from other countries to "capitalist apartments" in Havana's wealthy districts.

Many products are sold in pesos, but higher-priced items are often listed in dollars, with payments either handled in cash or through bank transfers outside the country.

While wealthier Cubans – or those with families sending money from abroad –



A youth uses his smartphone as he and a friend walk along the Malecon seawall in Havana, Cuba, Nov. 25.

RAMON ESPINOSA/ASSOCIATED PRESS

can afford more lavish items, many basic items remain unaffordable for people like Leonardo, a state-employed engineer who asked that his real name not be used because he fears retribution from the government.

Three months ago, Leonardo began buying items such as inhalers, antibiotics and rash creams from friends arriving from other countries, then reselling them for a small profit online. Government authorities are harshly critical of such "revendedores," or resellers, especially those who buy products in Cuban stores then sell them at a higher price.

In late October, President Miguel Diaz-Canel called for a crackdown on the practice, referring to the revendedores as "criminals, swindlers, ruffraff, the lazy and the corrupt."

"What we can't allow is that those who don't work, don't contribute and break the law earn more and have more opportunities to live well than those who actually contribute," he said during a meeting with government officials. "If we did that ... we'd be breaking the concepts of socialism."

But Leonardo said he and others like him are just trying to get by.

"This medicine goes to the people who need it, people who have respiratory issues," he said. "Those who use them are people who really need them. ... More than anything else, we sell antibiotics."

With the money he's earned from his sales, Leonardo has been able to buy soap and food, as well as antibiotics and vitamins for his elderly parents.

The rise of the new digital marketplaces speaks to a specific brand of creative resilience that Cubans have developed during decades

of economic turmoil. Much of the crisis is a result of the U.S. government's six-decade trade embargo on the island, but critics say it's also due to government mismanagement of the economy and reluctance to embrace the private sector.

So people on the island tend to be highly resourceful, working with whatever they have available to them – think old cars from the 1950s that still roll through the streets, thanks to mechanics using ingenuity and spare parts to address a shortage of new vehicles.

Entrepreneurs have used the same creativity to deal with what was initially very limited internet access. Carlos Javier Peña and Hiram Centelles, Cuban expatriates who live in Spain, created Revolico in 2007 to help "alleviate the hardships of life in Cuba."

They kept the site design simple, similar to Craigslist, to match the island's sluggish internet. But in 2008 – the same year the government lifted a ban on sales of personal computers – it blocked access to Revolico. The ban remained in place until 2016. In the meantime, Peña and Centelles used digital tools and different host sites to jump the firewall.

Sales on WhatsApp, Facebook, and Telegram really took off in 2018, when Cubans gained access to the internet on their phones, something American University fellow Torres described as a "game changer."

Between 2000 and 2021 the number of Cubans using the internet rose from less than 1% of the population to 71%, International Telecommunications Union data shows. The internet was a lifeline for many Cubans during the COVID-19 pandemic, they said.

Training

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While some careers require a traditional four-year college degree, in other cases, workers can pivot from one industry to another (or within an industry) with shorter, more targeted courses.

"We continue to see a growing number of Ohioans find rewarding careers as a result of earning new tech skills through IMAP," Lt. Gov Jon Husted said. "In many cases, credentials rather than degrees are what employers are looking for when making hiring decisions – credentials are the currency of the modern economy."

Miami University was already part of the program,

along with Ohio University and the University of Cincinnati.

"This program is another example of the all-of-the-above approach that Ohio takes to educating our students and making our workforce even stronger," said Ohio Department of Higher Education Chancellor Randy Gardner. "Our colleges, universities, and career technical centers are among the many partners in this collaborative effort."

Nick Weldy, the Miami Valley CTC superintendent, said the career center will be reimbursed up to \$3,000 for each earned technology-focused credential.

Other training providers selected this round include:

- Ashland University
- Gallia-Jackson-Vinton JVS

Center)

- Global Lynx
- Goodwill Industries of Central Ohio
- Hocking College
- My Career IT, LLC.
- National Center for Urban Solutions
- Ohio Valley Construction Education Foundation
- Pickaway-Ross County JVS
- Washington County Career Center
- We Can Code It, LLC.

Ohioans interested in earning a credential or learning more about the program can visit the IMAP website at: workforce.ohio.gov/IMAP.

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