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# THE LATYMER ECONOMICS BULLETIN

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Week Beginning 22/1/18



**Bombardier successful  
in court proceedings**



**Nobel Prize-winning  
economist sceptical  
towards Bitcoin's fu-  
ture**



**U.S to target Russia  
with more sanctions**

## Bombardier successful in court proceedings

### What's going on here?

In December last year the US commerce Department ruled that the UK and Canada had given Bombardier unfair subsidies. The outcome of the case has come somewhat as a surprise, as Bombardier was widely expected to lose, especially considering the Trump administration's 'America first' trade policy and a complaint made by a major US rival, Boeing.



### Why is this important?

If the outcome of the case ruled the subsidies as unfair, Bombardier would have faced 292% tariffs being imposed on orders of Bombardier's C-series planes by US airlines, which would have significantly increased costs of the planes and damaged Bombardier's sales. This is good news for the UK, as Bombardier employs 4,000 people in Northern Ireland and sources parts for its planes from 50 UK companies. These jobs and UK companies are no longer under threat from the case, at least for now.

## Nobel Prize-winning economist sceptical towards Bitcoin's future

### What's going on here?

The Nobel prize-winning economist Robert Shiller has said Bitcoin will not have a future in the financial world, when speaking at the world economic forum in Davos. Shiller has claimed that bitcoin itself is more of an 'interesting experiment' than a currency to be used in the future. Shiller further expressed doubts towards Bitcoin, as he claimed that Bitcoin has been 'over-emphasised', when instead the focus on Bitcoin should be shifted to its underlying technology, the Blockchain.



### Why is this important?

In recent months significantly more people have invested in Bitcoin, but there are still doubts regarding whether it can be considered a currency, due to its highly volatile price, as well as its mainstream use, considering its historic association with criminals. However some attendees of the forum came out in support of Bitcoin, suggesting that its disruption to financial markets is overstated, as it is in fact disrupting traditional investments such as gold, a commodity.

## U.S to target Russia with more sanctions

### What's going on here?

The United States has added Russian officials and energy companies to a 'sanctions blacklist', with details of further penalties against Moscow yet to be released. The sanctions against Russia could be expanded as a result of Russia's alleged meddling in the 2016 US presidential election (the Kremlin has repeatedly denied accusations of meddling in the election).



### Why is this important?

Tensions between the two global superpowers have been evident since the United States imposed sanctions on Russia over its annexation of Crimea and support for separatist rebels fighting in eastern Ukraine. Further sanctions on Russia could prove to be a setback to the recovery of the Russian economy, which suffered from a recession in 2015 and most of 2016, after the initial set of sanctions were imposed.