## Daily Universal Register

**UK:** Benjamin Netanyahu, the prime minister of Israel, gives a talk in London on Israeli foreign policy.
**US:** Donald Trump, the US president, visits Hawaii, receiving a briefing from the US Pacific Command and visiting Pearl Harbor and the USS Arizona Memorial.

## Nature notes

Hedgehogs are hunting energetically — mostly at night — for slugs, snails and beetles, and they are building up plenty of fat around their shoulders. They are about to go into hibernation. Most of them will sleep continuously until March, without getting any more nourishment, so their bodies need to be well prepared. For their winter refuge they find a hole in a hedge bank, such as one that originally had a wasps' nest in it, and line it with moss and dead leaves. Those that are still out and about often spend the day hidden in a pile of leaves, so they are particularly vulnerable at this time of year, when there are many bonfires. Gardeners should poke about in the leaves before they set fire to them. It is also desirable for people lighting a Guy Fawkes bonfire to make sure that there is not one of these spiny creatures lurking in it. DERWENT MAY

## Birthdays today

**Lord (Kenneth) Baker of Dorking**, *pictured*, education secretary (1986-89), 83; **Adam Ant**, singer, *Stand and Deliver* (1981), 63; **Roseanne Barr**, comedian, *Roseanne* (1988-97), 65; **Dawn Butler**, Labour MP for Brent Central, shadow women and equalities secretary, 48; **Earl of Caithness (Malcolm Ian Sinclair)**, foreign minister (1990-92), 69; **Kate Capshaw**, actress, *Indiana Jones and the Temple of Doom* (1984), 64; **Prof Jennifer Clack**, curator of vertebrate palaeontology, University of Cambridge, 70; **Violetta Elvin**, prima ballerina, 94; **Roy Emerson**, tennis player, Wimbledon men's singles champion (1964, 1965), 81; **Prof Sir Peter Gregson**, chief executive and vice-chancellor, Cranfield University, 60; **Prof Andrew Hamilton**, vice-chancellor, University of Oxford (2009-15), 65; **Larry Holmes**, former heavyweight boxing champion, 68; **Lulu**, singer, *Shout* (1964), 69; **Anne Milton**, Conservative MP for Guildford, minister for apprenticeships and skills and minister for women, 62; **Dylan Moran**, actor and comedian, *Black Books* (2000-04), 46; **Edward Oakden**, UK ambassador to Jordan, 58; **Prof Amartya Sen**, economist, Nobel prizewinner (1998), 84; **Nick Simper**, bassist, co-founder, Deep Purple, 72; **Martin Cruz Smith**, novelist, *Gorky Park* (1981), 75; **Jacqui Smith**, chairwoman, University Hospitals Birmingham NHS Foundation Trust, former MP and home secretary (2007-09), 55; **Earl of Snowdon (David Armstrong-Jones)**, furniture designer, chairman, Christies UK (2005-15), 56; **Dame Anna Wintour**, editor-in-chief, US *Vogue*, and artistic director, Condé Nast, 68; **Ian Wright**, footballer, Arsenal and England (both 1991-98), and broadcaster, 54.

## On this day

In **1992** Bill Clinton was elected US president, defeating the Republican incumbent George Bush.

## The last word

*"Credulity is the man's weakness, but the child's strength."* Charles Lamb, writer, *Essays of Elia* (1823).

# Tighter Times

### The Bank of England's decision to raise interest rates is justified after nearly a decade of unprecedented stimulus but the economy faces stiff headwinds

A quarter-point change in the cost of borrowingis not a huge shift, but these are far from normal times for Britain's economy. The Bank of England's decision yesterday to raise interest rates is historic, being the first such increase since 2007 and from a record low of 0.25 per cent. It is the right decision, and high street banks should follow it with rate rises for savers. Sadly it cannot be interpreted as a sign of strength in the economy. Rather, the Bank is taking an opportunity to ameliorate some of the costs of a decade of unorthodox monetary policy.

The cost of borrowing remains extraordinarily low. Indeed the Bank of England cut rates dramatically to 0.5 per cent in 2009, after the failure of Lehman Brothers panicked financial markets. Rates stayed at 0.5 per cent until the unexpected vote for Brexit last year prompted the Bank to cut again. Its decision yesterday to slightly tighten policy merely restores the status quo ante.

Losers from a rise in rates include younger borrowers with variable-rate mortgages. They will face slightly higher monthly payments. House-price inflation has ruled many young people out of the market, however. The allied decline in variable-rate mortgages means barely one in ten families are likely to be affected by the rise in rates.

If the impact of a rate rise is so limited, why do it? The ostensible answer is that the Bank is not fulfilling its mandate to target inflation. The target is an annual rate of 2 per cent, yet inflation is currently a full point above that. Moreover, growth picked up in the third quarter, to 0.4 per cent from 0.3 per cent in the previous quarter, and the labour market is strong. The unemployment rate stands at just 4.3 per cent. If these headline numbers do not justify a rise in rates to a still historically low level, then the British economy must be in a fragile state indeed.

Sadly this appears to be the case. The headline numbers are a little deceptive.

The spike in inflation arises from the depreciation in sterling after the Brexit vote. GDP growth over the past 12 months amounts to just 1.5 per cent, which is the weakest expansion since 2009. Real incomes are under pressure not only because of inflation but because of sluggish wage growth, and that in turn reflects Britain's stubborn problem of weak productivity growth. Uncertainty about Brexit negotiations and Britain's future place in the international trading system is deterring businesses from investing. Weak growth has depressed tax receipts, making it more difficult for government to ease fiscal policy. As a result the contrast between this rate rise and that of 2007 could scarcely be greater. A decade ago, Britain's economy was at the tail end of a long business expansion. Few realised that the seeds of disaster had been sown across the advanced industrial economies by excessively loose monetary policy, lax financial regulation and grossly irresponsible banking practice. The collapse of the western banking system and consequent bitter recession still cast a very long shadow over Britain's economic performance.

Monetary stimulus, through low interest rates and a huge expansion of money supply by the Bank of England, was necessary in 2009 to stave off economic collapse. Continuing with it has been right given the faltering pace of growth and the risk of deflation. Yet it has had costs.

Savers and those on fixed incomes have paid a price. The low cost of credit has probably encouraged a misallocation of scarce resources, keeping inefficient companies afloat that would otherwise have gone out of business. Yesterday's rise in rates offers the prospect of slightly more normal and less distorting policies. That is welcome; yet the headwinds facing Britain's economy remain strong and a weak government appears to be struggling to navigate them.

# Spider Man

### The rise and rise of Gavin Williamson reveals much about his boss

Sex scandals are like rust. They are a sign of decay and they create more of it. Theresa May has learned this the hard way, responding decisively to claims against her old defence secretary only to infuriate sections of her already fractious party with her choice of his successor.

Gavin Williamson, the former Conservative chief whip who keeps a tarantula on his desk and is now in charge of the armed forces, has no experience as a minister or in any of the services. His appointment saves Mrs May the awkwardness of a full reshuffle that might upset a precariously poised cabinet, but it has drawn attention to her vulnerability and probably worsened it.

Ambitious rivals are angry that Mr Williamson has advanced so far, so fast. "Ludicrous" is one of the more polite words used by fellow Tories to describe his second dramatic promotion in 16 months. His arrival in cabinet gives the prime minister a sorely needed ally there, but it deprives the Tory whips office of a proven operator where Downing Street cannot be without one.

Mrs May is not to be envied. Approaching a difficult budget and a critical stage in Brexit talks, she could have done without a full-blown sleaze scandal. She deserves praise for demanding Sir Michael Fallon's resignation when he was unable to assure her that no more stories alleging inappropriate behaviour would appear in the press. But her tenure in No 10 is becoming an object lesson in the perils of minority government. Her principle source of power is supposed to be patronage, but wielding it undermines rather than bolsters her authority. No rival wants her job right now, but even events for which she bears no blame conspire to make her weaker.

The same events have made Mr Williamson stronger. Until Wednesday he was barely heard of outside Westminster. Now, at 41, he is defence secretary, a potential future occupant of his boss's house and de facto leader of a cabinet faction dedicated to stopping Boris Johnson, the foreign secretary, getting there first. He should not let office politics distract him. His priorities now are to master a complicated brief, defend the armed forces against cuts that will doubtless be demanded of them and show that he deserves to stand at the dispatch box. Last week Mrs May summoned Mr Williamson to advise her on how to respond to the sleaze allegations lapping at her cabinet door. One theory holds that at this meeting he effectively appointed himself to replace Sir Michael. Mrs May's allies reject this notion but there is no doubt that she rates Mr Williamson and is grateful for his support.

He was educated at a northern comprehensive, not Eton. He has worked in manufacturing, but not banking. He ran her leadership bid last year, stitched together her deal with the Democratic Unionist Party after the botched snap election and has since fended off several nascent attempts to remove her from power. Now he must fend off Treasury raids on his departmental budget. He must properly equip the navy's new aircraft carriers, stop the shrinking of the army and meet James Mattis, the US defence secretary, in Brussels next week, as a plausible representative of Nato's second most important member.

Where critics see only inexperience and ambition, Mr Williamson must show substance and sound judgment. It will reflect poorly on Mrs May's if he turns out to lack them.

# In the Public Interest

### Peers' efforts to amend the Data Protection Bill are an attack on press freedom

Next week two amendments to the Data Protection Bill will be presented in the House of Lords by peers hoping to strengthen this country's only state-approved press regulator. If other peers take press freedom seriously they will ensure that these amendments do not become law.

The Data Protection Bill is meant to enhance protection of personal data. It is not meant to be a press regulation bill by another name. Even so, a crossbench peer is seeking to use it to enhance the status of Impress, the state-backed regulator funded by the former Formula 1 boss Max Mosley, while two Liberal Democrat peers have tabled a separate amendment that will diminish the role and usefulness of Ipso, the Independent Press Standards Organisation.

Even if Impress functioned well and Ipso didn't, this would be an unacceptable use of the amendment process. In any case, the reverse is true. Ipso successfully regulates most national newspapers, including *The Times*, and about 1,000 local ones and is truly independent. Meanwhile not one national title has joined Impress. Reasons for this include the source of its funding, the proven bias against certain titles of its chief executive, Jonathan Heawood, and most fundamentally its acceptance of the illiberal principle of state-backed press regulation. Lords Clement-Jones and McNally want to remove the Editors' Code of Practice enforced by Ipso from the list of codes under which journalists are exempt from onerous regulations if they use personal data. At the same time Lord Skidelsky, an old university friend of Mr Mosley, wants to add the Impress standards code to this list.

These amendments threaten the viability of a legal defence that is essential for investigative reporting, simply because papers refuse to sign up to a form of state regulation that would be anathema in other countries, and should be in Britain too.