

Ultra low interest rates are here to stay - and the US ...

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As the [FT has just reported](#):

The Federal Reserve has adopted a new strategy for monetary policy that will be more tolerant of temporary increases in inflation, cementing expectations that the US central bank will keep interest rates at ultra-low levels for years to come.

This is excellent news.

First, low-interest rates work for the economy - not least by ensuring mortgage rate increases will not force people into insolvency.

Second, this means that fiscal policy is going to have to be used for economic management in the years to come, as modern monetary theory demands.

And third, that means that the conditions for both full employment and the Green New Deal might exist - and both would be neutered by conventional monetary policy (which no doubt some wished to be the case).

It's rare that I will call the Fed enlightened, but this is good news.