## Abstract

This paper offers two new results on interest rate rules. First, we show that the empirical evidence from 1970 onwards for the US is compatible with a Taylor rule when we consider the possibility of changes in the inflation target and in the real interest rate. Second, recursive estimates of a forward-looking version of the Taylor rule for EMU confirm an increasing weight for inflation in the area, possibly as a consequence of the EMS, and, furthermore, a convergence in the nineties to the German value observed for the whole period. This process has coincided with an important reduction in the deviation of inflation across EMU countries.1