

**Interest Rates, Inequality and Human Capital Accumulation:
an Empirical Analysis of the Galor-Zeira Model**

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We build our analysis on a stylized fact arising from the relevant contribution of Galor and Zeira (1993) about income inequality and growth. This model had a huge impact on theoretical debate, else if predictions have less been tested unless some exceptions as the recent work of Papageorgiou and Razak (2010). Among this scarce empirical literature, no attention was posed on the financial channel as a way to drive inequality. A series of empirical facts show a decreasing relationship among the world interest rate and some measures of within and across country inequality. We then show that this is a mechanism consistent with the features of the model, when the interest rate grows. Finally, we corroborate empirical facts and theoretical predictions with a panel system analysis for a sample of countries in the period 1980-2005.