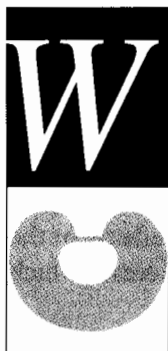# Seigniorage and the Welfare Cost of Inflation in Colombia

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e compute both seigniorage rate and welfare cost of inflation rate in Colombia using a Sidrauski-type model in which preferences are non-separable functions of the service flows of non-durable goods and money holdings. The set of the estimated parameters imply sizeable welfare cost of inflation and seigniorage rates. However, even though for low inflation rates seigniorage rate markedly increases with the rate of inflation, for very high inflation rates it reaches an asymptote.