Correlation Analysis of the Optimum Time Structure of T-bills and Financial Programming of Budget Deficit in Defining the Possibility of Default

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Abstract

Being in transition the state can't neglect the usage of seniorage for the purposes of funding its expenses because of significant values of budget deficit as well as of the non-maturity of the financial market. The problem of covering budget deficit at the expense of non-inflationary instruments is very actual and can't be settled out immediately. Hence, a question of the ultimate size of budget deficit attracts a particular significance from the point of view of financial stability of the economy in general. For that purpose two models have been designed and analysed basing on real indicators of belarussian and russian economic systems. The first is the model of financial programming of budget deficit which proceeds and enlarges T. Sargent and S. J. Turnovsky approach to macro economical modelling. The second model is based on correlation analysis of the optimum time structure of T-bills.