

Abstract: This work attempts to describe the role of soft budget constraint in the mature economies. The main attention is paid to the revival of the notion „soft budget constraint“, because we assume that because of the current financial crisis it is important to focus on this problem. This work focuses mainly on the analysis of the U.S. financial sector, because this sector was hit by the financial crisis the most. Our effort is to find out whether the U.S. environment provides sufficient conditions for appearance of the soft budget constraint. We are especially interested in the assumption whether it is relevant to assume the presence of the soft budget constraint in the bank sector and in the consequences of its presence. Here we stress the importance of institutions and the current form of the bank sector. The next step is to analyze if under current conditions there is a positive probability that some U.S. firms do have soft budget constraint. The final part of this work covers the problems of soft budget constraint 5 and financial crisis. We analyzed a few possible solutions for the current financial crisis and compare its effects on soft budget constraint appearance in the U.S. economy.