Repaid bank bailout money may help create jobs

Plan would assist small businesses; critics say it's a new stimulus effort

By Tom Raum
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WASHINGTON — Under heavy pressure to get Americans back to work, President Barack Obama on Monday suggested using a suddenly available pot of money left over from the government's bank bailout to help create more jobs.

Obama, who will address the subject in a speech today, has been struggling to trim the nation's painfully high unemployment rate, now at 10 percent, just below a quarter-century high.

He said there may be "selective approaches" for tapping into the money that was to go for propping up seriously ailing financial institutions. The administration and its allies on Capitol Hill would have to get around a provision of the 2008 bailout legislation that requires money that is paid back by banks or left over to be used exclusively for reducing the federal deficit.

With a tough election year coming up, Obama and congressional Democrats want badly to do something about jobs. Turning a highly unpopular financial rescue program, known as the Troubled Asset Relief Program (TARP), into a potentially popular one with new jobs attached has strong political appeal — although Republican critics have depicted such an approach as a backdoor way of putting a second economic stimulus package into force.

The administration now estimates that the TARP will cost about $200 billion less than the $341 billion the White House estimated in August.

The lower estimate reflects faster repayments by big banks and less spending on some of the rescue programs as the financial sector recovered from its freefall more quickly than anticipated.

"TARP has turned out to be much cheaper than we had expected, although not cheap," Obama told reporters at the White House. "It means that some of that money can be devoted to deficit reduction. And the question is: Are there selective approaches that are consistent with the original goals of TARP — for example, making sure that small businesses are still getting lending — that would be appropriate in accelerating job growth?"

"And I will be addressing that tomorrow," Obama said.

It was the clearest signal yet that the White House might be planning to argue that help-

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