

5 Policy Changes Obama Should Make Now: Analysis

The Obama team enters office with one of the thorniest agendas of any administration in memory: managing two wars, rebuilding tattered infrastructure—and coping with a world-class economic crisis. However, just like a homeowner moving into a new house, the administration needs to do some work immediately, while other jobs can be postponed. And then there are a few tasks so obvious—and affordable—that tackling them immediately is a no-brainer. To help the administration get started, here are five relatively simple policy changes to implement right away.

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Support Clean Diesel

What alternative fuel could cut total consumption by the U.S. passenger vehicle fleet by up to 35 percent and slash CO₂ emissions while requiring no technological breakthroughs and few changes in infrastructure? It's not plug-in hybrids or biofuels. It certainly isn't hydrogen. The answer is regular old diesel. Well, actually, it's the ultra-low-sulfur diesel that has made a fresh generation of clean, ultraefficient engines possible. In a recent PM test, VW's Jetta TDI diesel delivered more than 45 mpg on the highway. That's better

than a Prius.

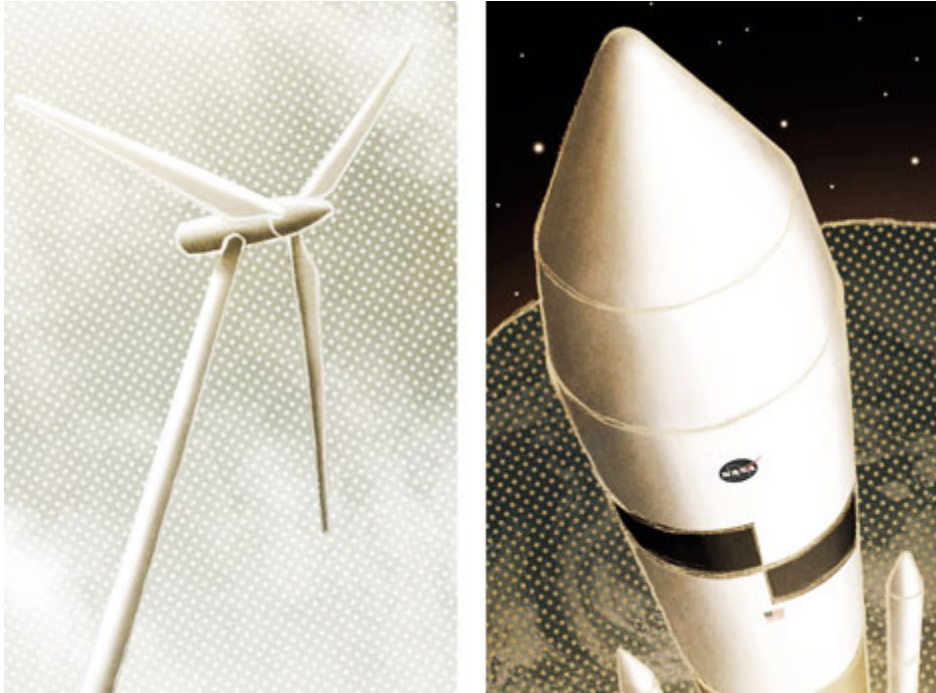
For decades, diesel generally cost a bit less than gasoline. But since 2004, it has been more expensive—at times, a lot more. That's hardly an incentive for people to go out and buy diesel cars. Some of the disparity is due to the cost of converting refineries to make the cleaner fuel. But federal excise taxes also hurt; they run 6 cents per gallon higher for diesel than for gasoline. Any new energy plan should equalize those tax rates and stop punishing diesel owners.

Reform Flood Policies

It's a double-barreled problem: Some 37 million Americans have moved to the nation's shorelines since 1980, just as hurricanes have become more destructive. Unfortunately, our current policies make matters worse. The Stafford Act empowers the president to declare an emergency and open a floodgate of money to rebuild the roads, sewers and bridges of storm-damaged coastal communities. Residents who are frequently hit by hurricanes deserve the nation's sympathy, and perhaps even help in relocating. But there's no reason for taxpayers to keep rebuilding infrastructure—at enormous cost—that only encourages people to remain in harm's way.

An egregious example is Dauphin Island, Ala.—a small island in the Gulf of Mexico jammed with vacation homes—which the United States has repeatedly restored, at a total cost of about \$80 million. (The figure doesn't include outlays to residents from the similarly misguided National Flood Insurance Program.)

“If we weren't rebuilding road access to places like Dauphin Island every few years, the land wouldn't be so desirable,” says Robert Young, director of the Program for the Study of Developed Shorelines at Western Carolina University. Given our shared economic distress today, it's simply not fair to make taxpayers foot the bill every time a hurricane wipes out some luxury vacation enclave. By phasing out the program, we could slow the overdevelopment of fragile coastlines and reduce our vulnerability to future disasters.



Trim Future Combat Systems

When it comes to finding places to cut waste, the Pentagon is a target-rich environment. Here's a good place to start: the high-tech, \$160 billion [Future Combat Systems program](#) that was a darling of former defense secretary Donald Rumsfeld. FCS incorporates some great technology, like the robots and surveillance drones that American forces have embraced in the field. But many FCS items should be cut—in particular, the manned ground vehicles program. Today's Abrams tanks and Strykers are getting the job done, and the FCS's advanced mobile artillery is not our troops' most urgent need. In fact, the program fails a simple standard for judging any weapons system: Does it enhance the intelligence, capability and safety of our forces? These vehicles don't, and they should go.

Support Distributed Power Generation

Who says power has to come from power plants? Almost everyone likes the idea of homes using their own solar panels or wind turbines to generate electricity. And state "net metering" rules encourage homeowners to get involved by crediting their electric bills for the power they supply to the grid. In the long run, net metering can help reduce our reliance on dirty coal-power plants, and make the grid more resistant to blackouts.

But the rules need work. They vary by state, confusing homeowners and discouraging them from investing in equipment. Also, the plans usually compel power companies to buy electricity from homeowners at the full retail price—so the utilities don't profit when they pass that power on to other consumers. That's okay today, when the amounts of

electricity involved are tiny, but it's not sustainable. Imagine a day when much of the power in the grid did come from households. Under current rules, utility revenues would drop just when the system needed expensive upgrades to manage a more complex flow of energy. What incentive would utilities have to improve the grid if the work only served to drive down profits?

In the short term, President Barack Obama can help by proposing a single national standard for net metering. Then, we need to set realistic rates for the electricity that homes and businesses feed back into the grid—a wholesale price, in effect. Electric companies could then evolve into grid managers, not only producing power but also adeptly juggling contributions from thousands of clean sources.

Reboot NASA

With taxpayers struggling, it's going to be hard to justify pouring billions into returning to a lump of rock we've already visited. But right now, NASA's main goal seems to be replaying the greatest hit of the Apollo era, a moon landing. We can do better. Manned spaceflight is widely supported by the public and is fueled by a basic American optimism and drive toward exploration. But let's make sure we spend our travel budget wisely.

President Obama should convene a task force to hammer out alternative visions for our future in space. Like all big bureaucracies, NASA is good at protecting its budgets. We need a few outsiders to come in and break some crockery. The panel must include non-NASA experts: space scientists like University of Arizona's Peter Smith and private-spaceflight visionaries like Burt Rutan.

Here are some items for the panel to consider. First, we should keep moving forward on the new Ares launch vehicles. With the space shuttle scheduled for long-overdue retirement in 2010, we need the Ares' heavy-lift capability. Then, let's stop adding to the International Space Station—it was a bad investment and we should move on. Next, outsource cargo-hauling missions in low Earth orbit to private contractors. Finally, leave the moon to China, India and private space ventures. While others literally follow in our footsteps, we should aim higher, building a long-term base on an asteroid—and laying the groundwork for travel to Mars.