

[OPINION](#) // [OUTLOOK](#)

Fenberg: One of Houston's greatest philanthropists worked with government, not against it

One of Houston's greatest philanthropists worked with government, not against it.

Steven Fenberg

Sep. 16, 2017



June 1936 -- FDR. Franklin Delano Roosevelt. Governor James V. Allred is seated next to Mrs. Roosevelt, Mayor Oscar F. Holcombe in middle seat, Jesse H. Jones at left.

Jesse H. Jones was the original Mr. Houston. Born in Tennessee in 1874, Jones moved to Houston when he was 24 to manage his uncle's lumber empire. He started his own lumber company, then diversified into real estate, banking and construction, becoming the most important developer in early 20th century Houston. He even bought the Houston Chronicle.

Although he was a capitalist through and through, Jones didn't see government as the enemy.

He raised Houston's half of the money to build the Houston Ship Channel after a local delegation persuaded the U.S. Congress to provide matching funds. Jones then chaired the board that oversaw the development of the Houston Ship Channel - an early example of the kind of public-private partnerships he pursued throughout his career.

That's the kind of big thinking we need today as we rebuild after Hurricane Harvey. Our government can help people and even make money if we change our attitude toward it.

During the Great Depression, President Franklin D. Roosevelt tapped Jones to lead the Reconstruction Finance Corporation (RFC), which saved banks, homes, farms and businesses from bankruptcy. The RFC built major bridges, dams and aqueducts across the country, and developed high-speed trains. Most amazing of all, the RFC paid for itself, even returning a profit to the government in the middle of the country's worst economic disaster.

To understand how the RFC accomplished this, let's look at one of its most innovative programs, the Electric Home and Farm Authority. Under the program, the RFC reimbursed small town stores for selling appliances on credit to customers whose homes had been electrified by the Rural Electrification Administration. The customers paid for the appliances through monthly surcharges added onto their bill by the local utility company. Those payments reimbursed the RFC. The program brought people into the modern age, increased demand for durable goods, spurred employment, boosted sales in small town stores - and turned a profit.

A modern EHFA could help people restore and retrofit their homes to make them more storm resistant, or could help them install solar systems. Such a program would secure homes, reduce fossil fuel emissions, supercharge the green economy and help make the U.S. the world's renewable energy leader, all while returning money to the Treasury.

But anti-government fervor stands in the way of such innovative programs. Successful programs prove government opponents wrong, so they reflexively sabotage and denigrate constructive policies, regardless of their proven benefits and potential.

Besides, the RFC's massive projects were based not on big spending but on judicious lending. In 1937, after the Ohio and Mississippi rivers flooded in 11 states, the RFC's Disaster Loan Corporation sent hundreds of examiners and attorneys into the field and made thousands of loans to help people rebuild their homes and businesses. The federal government was the only institution willing and able to shoulder such a massive task. Today, the oft-criticized Small Business Administration - the modern-day successor to the RFC - is helping people recover from Harvey.

For another example of big government solving a big problem, look at the development of synthetic rubber. During World War II, Jones and the RFC brought synthetic rubber out of the chemistry lab and into industrial use, achieving mass production just as the Japanese captured the Pacific islands that supplied our natural rubber. Without the government's forward-thinking initiative, our trucks, tanks and fighter planes would have been stuck in place.

When the last synthetic rubber plant was sold to private industry in 1955, the New York Times reported that the program was "exceeded in magnitude only by the atomic energy program."

Only an entity as large and powerful as the federal government could have developed synthetic rubber so quickly, a point we should remember when we debate whether to support emerging green technologies. We should also remember that, like almost all of Jones' initiatives, the production of synthetic rubber made money for the government.

In the past, our government vigorously responded to the needs of its citizens by nurturing innovation and building vital infrastructure. Today we lurch from one catastrophe to the next, spending borrowed money to rebuild destroyed lives, rather than employing government power to

proactively protect communities. But like Jones said about realizing economic recovery in 1937, "It cannot be achieved if we let ourselves believe that our government is our enemy."

If we want to rebuild and fortify the Texas Gulf Coast to withstand the next destructive storm, we must embrace the power of good government. The U.S. government helped build the Houston Ship Channel, preserved capitalism during the Great Depression and saved democracy during World War II. Our government can do monumental things again - and even make a little money in the process.

Fenberg is the author of "Unprecedented Power: Jesse Jones, Capitalism, and the Common Good," published by the Texas A&M University Press.

Written By

Steven Fenberg