

PRESS RELEASE

2/12/69

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FOR RELEASE UPON RECEIPT

Lincoln's Birthday
Statement by

MR. FLOYD B. MCKISSICK, PRESIDENT OF MCKISSICK ENTERPRISES, INC.

Announcing that Soul City, the new city to be developed by McKissick Enterprises with Black entrepreneurial leadership, will follow an economic policy of facilitating broad private ownership of productive capital by all residents of the new city.

Mr. McKissick is joined in the statement by

MR. LOUIS ORTH KELSO, LAWYER-ECONOMIST

and designer of a number of methods for enabling those without capital to acquire new capital assets as they are brought into existence.

MR. MCKISSICK:

On January 13th this year, we announced plans to build a new community in North Carolina -- a community open to all men, regardless of race or color, but which we mean to make a Black accomplishment -- a city to inspire Black men everywhere, to nurture Black culture, Black leadership and Black pride. We have

called our proposed New City "Soul City." We want Soul City to be a living symbol to Black people in every country of what, given access to true economic opportunity, Black men can do, and hence, what men everywhere can be expected to do, no matter how degraded their lives are now. Our aim is to prove that the poverty which holds nine-tenths of the inhabitants of this planet in ignorance, servitude, want and misery is not inevitable; that poverty in our technologically advanced society is caused by wrong ideas about how wealth is produced and the defective institutions that spring from those wrong ideas.

Today is the 160th anniversary of Abraham Lincoln's birth. We have chosen this day to talk about the economic goals and the economic philosophy of Soul City because Abraham Lincoln might have understood, and approved, what we are going to say. Black people have never had any economic base in America. We know all about economic alienation -- we have been alienated from the beginning. Slavery alienated the Black man from the fruits of his own labor. Our ancestors were brought to this country to be used as living capital instruments. Abraham Lincoln freed the slaves only in the legal sense. Technology was the slave's real emancipator. Technology freed the human slave by transferring his toil onto the tireless backs of non-human slaves driven by water, steam, petroleum, and electricity. But the Black man has been alienated a second time, because he never has owned, and never had a chance to own, the machines that replaced, and indeed, surpassed his power to toil a thousandfold. When he lost his servitude, he lost his livelihood. As Frederick Douglass said, "emancipation

made the slaves free to hunger; free to the winter and rains of heaven . . . free without roofs to cover them or bread to eat or land to cultivate." For all his good intentions, Lincoln didn't free the slaves. He fired them.

People who teach economics are mostly white, but the people who understand economics are mostly Black. Our experience has taught us things that most white men still don't see or won't admit. We know that we are poor. White people are poor, too, only they try to disguise their poverty by calling it "affluence." We know we're poor, and more important, we know why we're poor. We're poor because we don't own any of that thing --- capital -- that produces most of the wealth. The labor power of our ancestors produced wealth -- that is why our ancestors were worth enslaving as capital instruments. But today our labor power --- along with the labor power of many whites and most of the young --- is becoming so superfluous that no one wants it. Slavery taught us that there are two factors of production, and that labor is not the one that makes you rich. Slavery taught us who had leisure, who had freedom, who had wealth. Not the slave, but the slave-owner. Not the sharecropper, but the land-owner. Not the employee, but the capital owner.

That is why we have chosen Lincoln's birthday to announce our intention to found Soul City on slave ownership. This time, Black people are determined to be the slavemasters. But our slaves won't be weak and defenseless human beings. They will be the non-human things that produce industrial wealth. Factories,

stores, apartment houses, farms, restaurants, hotels, construction equipment, garages, supermarkets, warehouses, all the wealth-producing land, facilities, structures and machines that will make up the visible structure of Soul City -- these are going to be owned by the individuals and families who live or work in Soul City, as their individual private property. New apartments, factories, transportation equipment, industrial enterprises, and public amenities will create job opportunities, of course. But more important, they will create new opportunities for capital ownership. It will take hard physical work to build a city where there is nothing now but woods and pastures. We intend to work, and to work hard. But we do not intend merely to work. We intend to own. I have invited Louis Orth Kelso to be with me today because he is going to help us design Soul City's invisible structure -- the legal and financial arrangements that will give Soul City residents and employees, no matter how poor, what they have never had before: the opportunity to buy and own a viable share of the economy's productive capital.

MR. KELSO'S STATEMENT:

I am honored and pleased to be invited by Mr. McKissick to work with him in introducing into Soul City the use of financing methods which will enable non-capital-owning residents and workers in Soul City to buy, pay for, and finally to own, in holdings of reasonable size, a significant portion of the newly formed capital that must come into existence as Soul City grows.

It is singularly appropriate that on Lincoln's birthday, a distinguished Black leader in our American society should take the first bold step to bring about the true emancipation which President Lincoln dreamed of, but was unable to complete. In his speech in Independence Hall, Philadelphia, on February 22, 1861, President Lincoln said:

"I have often inquired of myself, what great principle or idea it was that kept this confederacy so long together. It was not the mere matter of the separation of the colonies from the mother land; but something in that Declaration giving liberty, not alone to the people of this country, but hope to the world for all future time. It was that which gave promise that in due time the weights should be lifted from the shoulders of all men, and that all should have an equal chance. This is the sentiment embodied in that Declaration of Independence."

It was Abraham Lincoln who signed into law the first Homestead Act --- the most important experiment heretofore attempted to generate capital ownership in people who were born without it. This was the beginning of a massive plan, undertaken by government, with voluntary individual cooperation, to make land --- the most important form of capital in an agrarian economy -- available to men who were born without it. Part of the tragedy of our past is that Homestead Acts were not used to build capital ownership into Black people whose emancipation could not otherwise be completed. Nevertheless, with all its injustice to

Black people, we know the result of Lincoln's great experiment in getting agricultural capital into the hands of the poor: it brought about the golden age of American agriculture and industrial growth. It initiated a period of expansion that burgeoned until the United States ran out of its unclaimed frontier lands.

Today, when productive capital in the form of land is but a small fraction of the total productive capital in our economy; when the amount of fabricated productive capital -- apartment buildings, office buildings, factories, transportation systems, productive machine of all kinds -- that can be brought into existence is unlimited, a policy of taking all reasonable and practical steps to raise the economic productiveness of all of the people of Soul City by enabling them to become owners of the inanimate slaves -- the productive capital -- is the final step to complete the still-unfinished emancipation of the poor.

In Soul City, industry will be invited to come and to build apartments, houses, factories, offices, stores, transportation facilities and other utilities, and to so finance this expansion that employees, including executives, most of whom themselves own little or no capital, can become individual owners of the other factor of production. The objective is to enable all men to participate in production through capital ownership as well as through the use of their own labor power. This is the only logical way to raise the power of people to buy goods and services, as our economy increases its power to turn them out.

We devoutly hope that Soul City will become a showcase, a

laboratory, for demonstrating to ourselves and to the world that America still has the power to update and renew her institutions in response to the advance of technology and to the needs of her people for true equality of economic opportunity in a world where most of the wealth is produced by capital.

'Soul City' Planned for Rural Black Belt in N. Carolina ^(E)

By DEREK SCHOEN
Press National Service

WASHINGTON—The would-be fathers of "Soul City," a new town they plan to found in North Carolina's rural Black Belt, say every resident will be a capitalist as well as a wage earner.

Floyd B. McKissick, former head of Congress of Racial Equality and the prime mover to create "Soul City," calls the economic theory behind it "radical capitalism." It could, he says, do for the laborer what the Federal Homestead Act did for farmers in the 1860s.

The economic theory, brain child of San Francisco attorney and economist Louis Orth Kelso—associated with McKissick in the "Soul City" enterprise—was unveiled on the 160th anniversary of Abraham Lincoln's birth.

"Abraham Lincoln freed the slaves only in the legal sense," said McKissick. "Technology was the slave's real emancipator. Technology freed the human slave by transferring his toil onto the tireless backs of non-human slaves . . . but the black man has been alienated a second time because he has never owned, and never had a chance to own, the machines that replaced him.

"For all his good intentions, Lincoln didn't free the

slaves. He just simply fired them."

In "Soul City," said McKissick and Kelso, residents will receive stock in addition to wages for their labor in any enterprise.

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KELSO WAS ASKED how industry could be persuaded to settle in a community where everything was owned by the workers. He explained that Internal Revenue Service laws grant sizeable tax advantages to companies owned by employe trust funds.

For instance, he said, a company that borrows \$1 million from a bank or other lending institution must realize an income of \$2.3 million before it can pay off the loan because of taxes on capital investment and on profits.

But if an employe trust-type corporation borrows the money, and invests it in the industry in exchange for stock, federal law requires no taxes on payments to the trust. The only taxes involved would be levied against the worker, and then not until he sold his stock.

Kelso said his theory is grounded "in the fact that today, capital is a greater source of income than labor is. That's what makes it ridiculous for government to talk about creating jobs. What should be done—and what we're trying to do—is create more capital."

Radical as it may sound, Kelson's plan has been adopted by at least two California firms, including one that operates three San Francisco Bay area newspapers under an employe trust.

McKissick said he was attempting to convince the new administration that the Kelso theory is the best method for President Nixon to promote the "black capitalism" concept he championed during the campaign. He said administration officials "were working with us now" and have shown "encouraging interest."

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HE SAID "SOUL CITY" expects to get some federal aid under 1968 legislation authorizing federal guarantees of bonds issued by community organizations for construction of new cities.

Negotiations currently are under way to purchase 1,810 acres in Warren County, N.C., to house an expected 18,000 "Soul City" residents. McKissick said the price is \$500,000.

The site is about 50 miles northeast from Durham, N.C., along U.S. Route 1. Long a poverty area, Warren County families had a median income of \$1,958—one of

the lowest in the nation—according to the 1960 census.

The county is about 75 per cent Negro. McKissick said "Soul City" would be "open to all men, regardless of race or color, but which we mean to make a black accomplishment—a city to inspire black men everywhere, to nurture black culture, black leadership and black pride."

'Soul City' Backers Need \$500,000

By Jean M. White

Washington Post Staff Writer

Backers of Soul City said yesterday they are confident that they will come up with \$500,000 required to buy the land for the "new town" before the option runs out on Tuesday.

The principal sponsor, Negro Floyd B. McKissick, said he has "several sources" lined up during a press conference called to explain how Soul City planners hope to make a capitalist out of every one of the 18,000 residents.

The plan calls for a new town in the North Carolina "black belt," where McKissick said the residents not only will have a "chance to work but also a chance to own."

Yesterday, McKissick called on lawyer-economist Louis Orth Kelso to explain how Soul City would make "capital owners" of poor people without any capital.

Kelso's Explanation

Kelso delivered an explanation based on an ingenious financing technique—taking advantage of Federal corporate tax laws covering employee ownership of businesses.

In an oversimplified form, it would work out this way:

When a corporation decided to build a plant in Soul City, an employe trust would be set up. The employe trust would borrow the plant-building money from a bank and invest it in the corporation.

Then all profits would go back to the employe trust with the workers as shareholders. The big tax benefit is that the payments are deductible from corporate profits, thus escaping levies of about 55 per cent.

When one reporter referred to the section as a "tax loophole" and wondered whether Wilbur Mills, the No. 1 tax writer in Congress, had heard about it, Kelso bristled at the word "loophole."

'Industrial Homestead' Act

He said he preferred to call it a kind of "industrial homestead" act. As examples of



By Margaret Thomas—The Washington Post

McKissick and Kelso explain the financing techniques planned for Soul City.

such corporate set-ups, Kelso pointed to Peninsula News, a chain of newspapers, and First California Co., a brokerage investment firm. But he conceded these employe-ownership plans did not begin from scratch the way Soul City proposes.

Another reporter wanted to know just what attraction such a setup offered business—since it would forego its 20 to 30 per cent return.

Kelso said businesses will

have the advantage of building plants with "pre-tax" dollars.

McKissick cut in to answer the reporter: "Maybe you're right. Industry doesn't have a conscience. But we've had several companies show interest in this."

McKissick Holds Option

His own private investment firm, McKissick Enterprises Inc., holds the option on 1810 acres of land in Warren County, N.C., near the Vir-

ginia border, where Soul City would be built—at a profit to McKissick's firm.

In response to a question from a reporter, the Negro leader—a former head of CORE—said yesterday that he had talked to President Nixon about Soul City, but "is unable to say exactly what the President's reaction will be."

The Soul City backers hope to get Federal grants for planning and aid under the New Communities Act of 1968.

CORE Bids Business Set Up Plants for Negroes

By JERRY M. FLINT

Special to The New York Times

CLEVELAND, April 4 — The Congress of Racial Equality proposed today a program aimed to make Negroes the owners of factories and stores.

In effect, the plan calls for the white business community to build plants in Negro areas and turn them over to Negroes after the costs have been repaid from the plants' profits.

Giving jobs to Negroes is not enough, Floyd B. McKissick, national director of CORE, and the creators of the plan said. Their theme is that much of the nation's wealth is a return on capital — dividends, for example — and that Negroes must be able to tap this source of wealth to become full partners in the capitalist system.

\$10-Million Start Sought

The plan, to be presented to Cleveland business and political leaders, is a 45-page document that calls for raising \$10-million in contributions initially. It is a result of a study financed with part of a \$175,000 Ford Foundation grant to the Cleveland CORE group.

"The sums of money we ask are not significant when weighed against present unproductiveness of the ghetto and the losses of civil disorders," the CORE plan said. "If our program is only moderately successful, it will create a tax base that will pay in taxes to the city many times the sums asked.

"Our intention is not to establish a new welfare burden for present property owners and wage earners. Our intention is to establish a series of economic institutions whereby black residents of Cleveland can be owners of capital instruments and wage earners, rather than welfare recipients."

Says Integration Fails

Mr. McKissick said that the idea of integrating Negroes into the white economic structure had failed.

He said Negroes had been told: "Don't build your own banks or factories. Be a good nigger. We'll integrate. We'll give you some of ours." Today Negroes have to learn to "save our money" and "start building banks," he said.

"We'll make some errors or mistakes but that is what we've got to do if we're going to be



Floyd McKissick

as good as anyone else," Mr. McKissick declared.

The present economic system has left Negroes "sitting

on the docks of the bay," watching economic progress go by but not taking part in it, he said.

There are signs that at least some white businessmen are interested in hearing the CORE ideas. In the audience, when the plan was disclosed at a news conference, at the Pick-Carter Hotel was Morton Coleman, personal consultant to Henry Ford 2d on racial affairs.

Self-Interest Cited

Also present was William Schoen, a representative of the New Detroit Committee, an alliance of leading businessmen and Negroes. The committee's economic development staff is working on plans for creating Negro businesses or factories.

Mr. McKissick said that "the industrial community must act in its own self-interest" in creating a class of owners of capital. This class would help create new markets for business generally, he said.

A designer of the CORE plan, Louis O. Keiso, a San Fran-

cisco lawyer specializing in corporate affairs, said the plan would not cost the business community any money but was a way to "finance growth through pretax dollars."

Under the plan, a company needing a new plant to produce an item could, cooperating with a CORE group, build the facility in a slum area as a separate corporate entity.

The parent company would hire Negroes and train Negro managers to operate the plant. It would guarantee technical help, at least until the plant was self-sufficient. It would distribute the stock in the plant to the slum area employees.

When the company had recovered its costs and a reasonable profit, the plant would become the property of the employees.

Under present tax laws, the cost of the plant could become an income tax deduction for the parent company, thus eliminating any cost in giving the facility to Negroes, the sponsors say.