

Germany: Drugstore chain Schlecker threatened with destruction

Ernst Wolff
29 May 2012

Early last week, rumours circulated through the media of the final breakup of the Schlecker group. On Wednesday, it was reported that the hedge fund Cerberus was interested in the company; on Thursday evening, the name of Karstadt investor Nicolas Berggruen came into play.

On Friday, a meeting of the creditors committee was held at an undisclosed location. It included representatives of the three main creditors—the credit insurer Euler Hermes (a subsidiary of the world's biggest insurer Allianz), Markant Finanz (a subsidiary of retail giant Markant), and Agentur für Arbeit (Agency for Work). The creditors committee also includes an employee representative and a representative of the union Verdi.

After the meeting, liquidator Arndt Geiwitz said that the present investment offers were not acceptable to the creditors, neither in terms of the amount of the purchase price, nor in relation to the concepts presented.” These will be considered further, and a final decision would be made at the fifth meeting of creditors on June 5 in Ulm.

Verdi has not disclosed any details of the talks. Verdi spokesperson Christiane Scheller merely stated, “In the interests of the future of Schlecker employees, we are open to investors who have regard for the preservation of jobs, and will carefully consider and evaluate the proposals that see this [Schlecker] as a going concern.”

Professor Jörg Funder of the Institute for International Trade and Distribution Management at the University of Worms was more to the point. “We have to assume that many Schlecker employees will lose

their jobs”, the retail expert said on Friday night to the news programme “Heute”. “I assume that only about two hundred of the existing Schlecker branches in Germany will continue. That means all other branches will close and that staff will lose their jobs, as sad as that may be.”

It is clear that the wealthy creditors, which include the children of the insolvent company’s founder Anton Schlecker, are attempting to blackmail Schlecker workers: Either they must surrender to the dictates of a possible investor, giving up a large portion of their wages and accept a deterioration in their working conditions, or they will be laid off and the company destroyed. In both cases, only the large creditors benefit; the workers will get nothing.

In the enforcement of these plans, the creditors and investors can rely completely on the support of the trade union Verdi. The union is not only collaborating in the creditors committee, but also with the liquidator. Verdi has kept the largely female workforce completely in the dark about all significant developments.

Neither Verdi spokesperson Scheller nor the union representative on the creditors committee makes any mention of the fact that the remaining 13,000 jobs are in peril. Not a sentence about the impending mass sackings, not a single word about the ruthless methods of the new bidders Cerberus and Berggruen, who are specialists in last-minute deals for taking over ailing companies at rock-bottom prices and then restructuring them at the cost of the workforce.

This is all of a piece with the role Verdi has been playing so far. Since summer 2011, the union has been working closely with Anton Schlecker. There is even

evidence that the union knew about the insolvency plans as early as 2009. In 2011, Verdi leader Frank Bsirske publicly praised the company's management for their “efforts in dealing with the staff.” Since then, employees have been laid off and branches closed systematically.

In March this year, when 11,200 redundancies were made, Verdi not only accepted this without any fight, but also saw its own task as ensuring it happened as smoothly as possible. A transitional company was set up absolving the company from making any severance payments. When this company failed, the union ordered those workers who had lost their jobs to refrain from taking legal action to obtain their severance pay, saying it didn't want to scare off any potential investors.

To make the company attractive for investors, Verdi then offered savings of €98 million—not by seeking funds from possible foreign bank accounts belonging to the Schlecker family or through waiving creditors' claims, but by abandoning a 2 percent wage rise and future holiday pay. When this was still not enough, Verdi finally proposed a 10.5 percent pay cut over three years, which given the already low levels of pay and the current rate of inflation represented a drastic reduction in real wages and a dramatic reduction in living standards for those affected.

The systematic withholding of all relevant information is also used by Verdi solely in the interests of the liquidators, creditors and potential investors. The workforce usually only learn about what is happening in the media, and always at the last minute. In this way, Verdi not only seeks to conceal its own role in the negotiations, but also to prevent the workers from defending themselves independently against the company's attacks.

Many companies are now using the current economic crisis—and the consequent fear of unemployment to “restructure”—to depress wages and raise corporate profits. Bankruptcy has become a popular way to achieve this. In the US, General Motors was “restructured” in this way. At GM, newly hired workers are only paid half as much as before the bankruptcy and benefits for the workforce were

dramatically cut. This was only possible because the US auto unions worked hand in hand with the liquidators—in the same way Verdi does—against the interests of the workforce.

Schlecker is not a unique case. Wage cuts at Schlecker will have an immediate impact throughout the retail sector. Workers at the other two major drugstore chains—Rossmann and dm—will come under pressure, and then this will spread throughout the sector. Schlecker is creating a precedent for “restructuring” companies and implementing massive attacks on workers through using bankruptcy proceedings.

The defence of wages and jobs at Schlecker has great significance beyond the company itself. In order to defend their own interests, Schlecker workers must revoke Verdi's mandate to represent them in negotiations and organize their struggle independently of the union, which is doing everything to deceive the workers and to stifle any opposition.

The first demand must be to open all the books of the company and the Schlecker family, as well as of all the offers by the investors and their conditions. Lars and Meike Schlecker, who have grown rich from the labour of the Schlecker workers, have to account fully for their private wealth. In addition, all the minutes of the meetings of the creditors committee and the bankruptcy negotiations between management, the works council and trade union must be published. Future meetings must be held in public.

To break the confidentiality policy upheld by Verdi is the first condition for the workers to intervene independently. To assist Schlecker workers to discuss these demands and to organise themselves, the WSWs, together with the Socialist Equality Party, has set up an online discussion forum. We call on all Schlecker workers to participate in this discussion and to build local action committees.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact