

# Germany: Mass layoffs at the Neckermann mail order company

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The Neckermann mail order company will close down the whole of its central warehouse in Frankfurt and its textile business at the end of 2012. As already announced in late April, the mail order company, founded in 1950, intends to cut 1,380 of its 2,100 jobs in Frankfurt by the end of the year.

Eight hundred jobs are to go in the company's logistic department, along with 390 in administration, 140 in the purchasing department and 50 in advertising. The famous Neckermann catalogue will cease to exist.

Employees were shocked and surprised by the news. Until now, 58,000 deliveries have been made to customers every day. The mail order company's range of products includes approximately 700,000 articles, particularly those from the textile, household wares, toy and technology sectors.

The layoffs are the result of a systematic dismantling of the corporation that once consisted of 18,000 people. The Verdi trade union and its five representatives on the supervisory board colluded with management in this process in order to stifle from the outset any opposition from the workers to the reorganization.

At the start of 2008, most of the Neckermann corporation was transferred to the capital investment firm Sun Capital in Florida, a vulture outfit specialising in the acquisition of ailing companies. Donors for Sun Capital are, for example, pension funds, endowment foundations and wealthy individuals. According to press reports, it gives its acquired firms four years to return to profitability. This time limit has recently expired for Neckermann.

Sun Capital insists that it still has a "long-term interest

in the profitable progression of the company". However, it only wants to continue Neckermann's online business.

At the first major protest on May 8, some 1,700 workers with flags, banners and trumpets assembled to block the main arterial road, leading past Neckermann's headquarters. "We're not letting them have Neckermann", they shouted, making it clear their own livelihoods were at stake.

Bernard Schiederig, a Verdi functionary, loudly proclaimed: "We'll fight for every job". That this was not to be taken literally became obvious the next day, when Verdi and the works council went into negotiations with Sun Capital.

The union presented itself as a business consultant and virtual manager in an attempt to make an alternative approach palatable to Sun Capital. This approach was based on the idea of maintaining the logistic division and attracting orders from foreign companies. Urban business promotion agencies would then be able to help find the appropriate customers. The textile department was to be continued.

As Neckermann works council members now admit, this alternative concept of the union has also cost many jobs, although the actual number of redundancies associated with it was never made public.

When representatives of Sun Capital insisted on implementing their plans, Verdi rushed to stymie any serious struggle to oppose them. "We had to bury our hopes for good", Thomas Schmidt, the works council chairman of the logistics staff, told the *Frankfurter Rundschau*. He said there was now "nothing more to negotiate" as far as this matter was concerned.

Workers, demanding strikes and factory occupations, were openly hostile to union officials who opposed taking any sort of action. “We don’t want to destroy the company by going on strike”, said Wolfgang Thurner, secretary of Verdi’s Frankfurt branch.

Instead of defending jobs, Verdi merely demanded severance pay or—along the lines of recent bankruptcy cases—a transfer company for the sacked workers. Both of these outcomes would protect the company from a huge number of lawsuits, like the ones conducted against the Schlecker drugstore chain, but would only amount to a short stop-over for workers on the way to unemployment. As it turned out, however, Sun Capital is unwilling to pay a single cent for either of the moves.

Instead, the management proposes that those affected could use their short-term work allowance from the state employment office and wages accruing within the statutory period of notice to finance a transfer company themselves. As most Neckermann employees have been at the company for many years, they are entitled to long periods of notice, averaging seven months.

A section of the workforce in Frankfurt has been working for Neckermann since the collapse of East Germany 22 years ago. In early 1990, buses were organized to take workers back and forth between Thuringia and Frankfurt every day to exploit the cheap labour force that had just lost jobs in the German Democratic Republic. Many of these people stayed and settled in Frankfurt.

Others have worked at Neckermann for 40 years. After a working life at Neckermann, they are all now confronted with being—in the words of one employee—“kicked and hunted out of court”. Prospects are particularly bleak for female workers in the logistics department because most of them are already over 50 years old and poorly qualified, and will therefore have little chance of finding work on the labour market.

To stifle the staff’s anger over management’s plans and the union’s attempt to conceal them, Verdi cynically organized a few one- and two-day token strikes that did not faze Sun Capital in the least.

Fewer and fewer workers are willing to support this

sham union. While 1,700 people participated in the protest in May, on June 11 only about 500 employees thought it worthwhile going on strike. By then, the union had officially dropped even the pretence of defending jobs.

On July 2 and 4, Verdi brought a mere 350 workers onto the streets to participate in a token strike limited to two days.

There is no lack of solidarity or readiness to put up a fight among the employees. A customer service employee that has worked at Neckermann for more than 30 years told *World Socialist Web Site* reporters: “I’m not directly affected, because I’m retiring next year. But, of course, I want to support my fellow workers by going on strike”. But she said the whole thing had “pretty much come to an end”.

“I reckon the whole company will only be here for another year at the most”, she continued. She thought Neckermann’s problems were tied up with the economic crisis, and capitalists were intentionally exploiting the crisis. “You see it everywhere. They want to get rid of older employees with the relatively good wages of the bygone days. And scarcely have they disappeared around the corner than the shop is opened again, but paying very low wages”.

This employee had already experienced layoffs in 2008: “At that time, several hundred people were laid off here. Back then, I was tremendously disappointed with the union, because they simply swallowed the whole thing”. In late 2007, Neckermann had 5,000 workers, of whom 2,400 remain today (with their jobs insecure).

A 35-year-old employee said that political and social issues were driving developments at Neckermann. This can be seen from the fact that the same issues are arising everywhere, for example, at Opel, Manroland and Schlecker.



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