

# Protest strikes at German department store chain

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The German services trade union Verdi organised national protest strikes of all employees at the Karstadt department store chain last Friday and Saturday. The deliberately limited character of the action was aimed at concealing the role of the trade union in the cuts and preparing new attacks.

Verdi members who participated in rallies in Berlin, Dortmund, Hamburg, Bremen, Hannover, Darmstadt and other locations were surprised by the low turnout. The largest number of employees gathered in Hamburg (500), Berlin (400) and Dortmund (250).

Verdi is not concerned with leading a serious struggle by the workers. The trade union barely mobilised anyone for the protests. A salesperson at the department store in Duisburg expressed her bewilderment to the WSW. "From here in Duisburg, only the works council travelled to Dortmund [for the demonstration]," she said. "Everyone else, including the Verdi members, continued to work as normal."

As a result, labour director Kai-Uwe Weitz was able to tell the press, "No store is closed." Apart from a few exceptions, there had been "little negative impact" in Karstadt stores, he said. The firm had replaced the striking retail staff with personnel from management and external agencies.

The action was aimed at covering up the role of Verdi in the dismantling of Karstadt and preparing a new round of cuts and layoffs. Company owner Nicolas Berggruen, who has been praised highly by Verdi, has had plans ready for some time to dismantle the concern and wind it up.

The immediate pretext for the protest strike was the ongoing negotiations between Verdi and Karstadt management over a return to the collective labour agreement for wages. The company announced in May that it would quit the industrywide agreement until

2016, in order to avoid paying future wage increases, thereby saving millions of euros. In addition, the trade union spoke out in favour of an agreement to secure jobs and the operations at current locations.

On September 23, the first round of talks between Verdi and Karstadt remained inconclusive, as expected, but then in further rounds at the beginning of October, the company's board still showed no intention of accepting the demands. Further talks, which will last several days, are planned to commence on November 11.

The union is concerned above all with sitting round the table for talks. They want to make it clear to company management that they will be better able to impose further attacks on the workforce and dismantle the firm with trade union support. "The trust in management continues to decline, because there is no sign of a positive development," Verdi lead negotiator Rüdiger Wolff told the TV channel N-TV, urging that the union be involved.

Verdi is playing a key role in cooperation with company management and the bankruptcy administrator in forcing the workforce to accept further concessions. Workers at Karstadt have been fearing for their jobs for the past decade.

Karstadt was part of the Arcandor concern, along with the catalogue companies Neckermann and Quelle. In 2004, the company's board responded to a financial crisis with radical attacks on wages, jobs and social benefits. Neckermann was handed over to the American investment firm Sun Capital in 2007 and no longer exists.

Within the framework of the bankruptcy proceedings begun by Arcandor, Quelle was dismantled in 2009, while Karstadt was bought for the symbolic price of €1 by the German-American billionaire investor Nicolas

Berggruen.

Verdi hailed Berggruen as a saviour in an emergency and negotiated a restructuring agreement, under which the workforce gave up holiday pay and Christmas bonuses totalling €150 million. In total, the decline of income for Karstadt employees over the past 10 years is €650 million, according to Verdi. The signatures of Verdi and the central works council are on all of the restructuring agreements that are responsible for these huge concessions.

Nothing remains of Berggruen's promises to maintain a workforce of 25,000 and invest in Karstadt. More than 4,000 jobs have been eliminated with the support of the trade unions. All investments have been extracted from the workforce through wage cuts and job losses. Berggruen has not invested a cent, but he has made a good profit out of the firm, which only cost him €1.

He repaid a loan of more than €65 million, which was a condition of the takeover, after a short time with high interest. For a one-off payment of €5 million, Berggruen received the rights to the Karstadt brand, which according to the *Manager Magazine* will bring in €7.5 million annually in licence fees.

Then in September, Berggruen sold Karstadt's most valuable parts to the Austrian investor René Benko. Benko's Signa-holding obtained a majority share of 75.1 percent of 3 Karstadt premium stores in Hamburg, Berlin and Munich, as well as the chain of 28 sports stores, for just €300 million. Benko already owned some of Karstadt's property.

In a letter to the remaining 20,000 Karstadt workers, Berggruen promised cynically that he would invest the €300 million from the sale and not keep it for himself. The sum would be his contribution to the rehabilitation of the company.

While the trade union spoke of a "first step" in saving the company, the sale is in reality a further stage in the destruction of the 130-year-old department store. The procedure for this has become well established. An investor takes over a financially weak company for little or no money, sells off the profitable parts, and subsequently extracts millions from the remaining workforce in wage cuts and job losses, in order to sell the remainder of the firm to competitors for a profit, or wind it up completely.

The media is already speculating that Karstadt's

strongest competitor, Kaufhof AG, is just waiting to take over the operations of Karstadt.

A Karstadt employee explained to the television broadcaster ARD at the rally in Dortmund on Saturday, "Berggruen came as a messiah. But a corporate raider remains a corporate raider."

Berggruen was portrayed as a "messiah" above all by Verdi. Now, the union is trying to conceal its shameful role and in so doing prepare new layoffs and wage cuts, or even the complete winding up of the company.

The role played by Verdi at Karstadt is a warning to workers in the entire industry. Talks on a collective agreement for all 3 million employees across the country have been ongoing since May. The companies felt emboldened by the actions of Verdi to terminate all collective agreements, including the comprehensive labour agreement, which regulates working conditions. They intend to expand work on demand, cut increased rates for late and night shift work and establish low wage groups for some tasks in the stores, such as clearing shelves.

For weeks, Verdi has been calling on isolated groups of workers and regions to take strike action, but the purpose of these actions is to pressure the companies to rely on the union to attack the retail workers, and to let off steam among the workforce.

Stefanie Nutzenberger, a member of Verdi's national board for the retail industry, explained that the trade union had "brought a draft collective agreement to the last negotiations and the emergency talks, which was to have started a process of reforming the collective agreements across the industry after the conclusion of the pay round." Nutzenberger's "process of reforming" the collective agreements, which would allegedly make them "sustainable for the future," is a euphemism for Verdi's support for further wage and job cuts.



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