Germany: The liquidation of the Kaiser’s Tengelmann supermarket chain

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Almost 15,500 employees of the supermarket chain Kaiser’s Tengelmann are faced with the liquidation of the corporation. On Monday morning, stores began selling off their stock in the state of North Rhine-Westphalia.

Karl-Erivan Haub, the owner and CEO of the Tengelmann group, to which the supermarket chain belongs, instructed the store management to open up severance negotiations with the works councils. On Tuesday, the first meetings of management and works councils took place in North Rhine-Westphalia.

Eight thousand jobs hang in the balance. In North Rhine-Westphalia, between 80 and 105 stores are threatened with closure. Three thousand of the 3,500 employees in North Rhine-Westphalia could lose their jobs in the next few months. Many branches of the corporation, such as logistics and management, will also become redundant. In Berlin, 300 jobs are in danger at the Kaiser’s warehouse in Mariendorf.

In Viersen, on the left bank of the Rhine, where Kaiser’s was founded in 1881 as the first grocery chain in Germany, the logistics centre and the specialist butcher’s shop in Birkenhof face closure. The Food, Beverages and Catering Industry Trade Union (NGG) already agreed to the closing of the meat-processing plant in Viersen. In Birkenhof, about 90 workers will lose their jobs. In the logistics centre, 250 will lose their jobs.

The service union Verdi and the industry union NGG have taken up the task of maintaining “social peace.” They are responsible for sowing false hopes in one “new negotiated solution” after another, keeping a lid on the anger of the workers and preventing any open expression of protest.

Most recently, Verdi organised roundtable talks between Tengelmann CEO Haub and the CEOs of the supermarket chains Edeka and Rewe. Verdi head Frank Bsirske carefully hid the content of the negotiations from the workers and union members. However, on October 13, Haub said that the roundtable talks had failed and that the Kaiser’s Tengelmann stores would be closed.

Karl-Erivan Haub had originally planned to sell Kaiser’s Tengelmann to Edeka in the hope that profitable stores could be continued as Netto stores. Netto is a subsidiary of Edeka in which Haub’s Tengelmann group is involved. Indeed, Edeka will still have the pre-purchase rights when the Kaiser’s Tengelmann stores are sold.

Verdi and NGG supported the takeover plans because the unions hoped to get their feet through the door at Edeka. At the Edeka corporation, which is a network of independent stores, the union has had little representation up until now.

The Federal Cartel Office issued a veto, however, because the takeover of Kaiser’s Tengelmann would have given Edeka an even more dominant position in the market. When Federal Economics Minister Sigmar Gabriel (Social Democratic Party) invalidated this veto with a “ministerial permit,” Rewe—the company’s main rival—and two other competitors, Norma and Markant, took the case to court and successfully blocked the takeover.

Verdi’s roundtable, which brought together the heads of Edeka, Rewe, Norma and Markant, was supposed to allow the division of Kaiser’s Tengelmann among its competitors. On October 6, Verdi prematurely celebrated the arrival of an agreement. According to Verdi, Edeka would take over the stores in Munich and Rewe would take over the stores in Berlin. *Die Zeit* quoted an unnamed source who said that Edeka and Rewe saw a “rare opportunity” in the major cities of Bavaria “to substantially expand its network of stores there, where they would scarcely be able to grow on their own. In these cities, there is no inner-city location any more that could be served by the store. This explains the haggling over these stores.”

This throws a light on the “solution” sought by Verdi. In reality, it is about a gigantic market consolidation and the division of the stores among the other industry giants, which Verdi helped to organise and carry out against the will of the employees. The fact that the deal failed is yet another illustration of the cutthroat competition that has already destroyed other chains, including Hertie, Woolworths, Schlecker and Praktiker.

The losses at Kaiser’s Tengelmann are often explained in terms of the less favourable terms of purchase of the relatively small chain as compared with the large industry leaders, Edeka, Rewe, Aldi and Lidl. The threatened closings in North Rhine-Westphalia show that the more profound reason lies in the deep social crisis in that state. In the Ruhr valley, thousands of people are jobless or dependent on Hartz IV benefits. Since they often can no longer afford many products, the stores are no longer profitable, unlike the stores in Munich and Berlin, which will be sold to new owners instead of being closed.

This also sheds light on the strategy of the unions. Under conditions of capitalist crisis, they are not organising a common struggle of the workers against the bankrupt capitalist system, but aiding the carving up of the company and the sale of its stores to competing industry giants. Then they will try to hide the consequences of this manoeuvre by making an appeal to the "social conscience" of the capitalists.

On Monday morning, the works councils attached an open letter to the doors of Kaiser's Tengelmann stores, in which they implored the heads of Rewe, Norma and Markant to stop blocking the takeover by Edeka on the terms of Gabriel's ministerial permit.

After the failure of the roundtable, Verdi board member Stefanie Nutzenberger wrote: "We cannot understand why the talks were ended prematurely." Verdi will "continue to do everything it can to prevent the destruction of the company." Several spokespersons of the NGG made similar remarks.

Economics Minister Gabriel, who is also the president of the SPD, still saw the "possibility of a solution" on Friday and told the press: "In agreement with Chancellor Angel Merkel, I have called all of the participants today and told them that it would be shocking if we did not manage to save the jobs." The "social market economy" must show that it is in a position to do this, Gabriel said.

Verdi's Bsirske explained that the union works "in the background so that communications do not break down completely" and is looking for a solution with Economics Minister Gabriel. According to the union, the ministerial permit could still be implemented as long as none of the stores have yet been sold.

Manfred Schick, the president of the Kaiser's Tengelmann works council in the Munich-Upper Bavaria region, said: "Instead of destruction scenarios we need a continuation concept that will hold until the courts have decided or until there is an agreement between all parties."

In reality, the complete takeover by Edeka in accordance with the ministerial permit would inevitably have large casualties. After five years at the latest, Kaiser's Tengelmann employees would be in danger of losing their jobs. No one would prevent Edeka boss Martin Mosa from closing the former Kaiser's Tengelmann stores after they become Edeka stores.

Two weeks ago, the *Handelsblatt* wrote that there were many losers in the deal and "the workers should not celebrate too soon." At no point has it been about "selflessly rescuing an ailing corporation. This is about hardened power interests. And the struggle for market shares." The newspaper said that all the interested parties had coolly calculated whether a deal would put them in a better position "than if the situation escalated and Kaiser's Tengelmann were destroyed in an uncontrolled way."

Whatever form this power struggle takes, the cashiers, salespeople, store managers, warehouse workers, forklift operators, fish packers, truck drivers and other employees will be forced to foot the bill. At Kaiser's Tengelmann, the workers have already been forced to make sacrifices for over five years and to give up a part of their compensation, since the unions repeatedly claimed that their jobs could be saved in this way.

The destruction of Kaiser's Tengelmann is yet another demonstration of the impossibility of defending jobs and living standards without breaking with Verdi, NGG and the entire framework of the trade unions. For years, they have refused to mobilise the workers, and when they could not prevent a labour struggle, they have sold it out and led it to defeat every time.

The employees of Kaiser's Tengelmann must draw the conclusion that it is necessary to organise independently of the unions and build a new leadership of the working class. We call on all Kaiser's Tengelmann employees who want to take up this struggle to contact the *World Socialist Web Site* and the Partei für Soziale Gleichheit, the German section of the International Committee of the Fourth International.