

Macy's, Sears announce mass layoffs, hundreds of store closings across the US

**Niles Niemuth
6 January 2017**

US department stores Macy's and Sears announced thousands of layoffs and hundreds of store closures on Wednesday following dismal holiday sales and declining yearly revenues.

Macy's said that it will eliminate more than 10,000 jobs and will move forward with the planned closure of 68 stores by the middle of this year. The closures are part of 100 announced in August, representing a loss of nearly 14 percent of the 730 stores operated by Macy's in the US and its territories.

The company reported that it will seek to maintain profits by eliminating a number of management positions across the company, cutting 6,200 people from the workforce. On top of this, 3,900 Macy's store employees will lose their jobs, though the company indicated that some could be reassigned to other stores.

Macy's reported that its sales during the holiday months of November and December had fallen 2.1 percent from the previous year. Retailers rely on sales at the end of the year to pad out revenue and profits.

Sears Holdings also announced on Wednesday that it was planning to shutter 150 stores by April; 108 of its Kmart locations and 42 Sears stores. The closures represent 13.5 percent of the 801 Kmart locations remaining at the end of 2016 and 6 percent of the 676 remaining Sears locations.

Holiday sales at Kmart and Sears stores in November and December were down by between 12 and 13 percent from 2015.

On top of the layoffs and closings, Sears announced that it was raising funds to prop up its operations by selling its Craftsman tool brand to Stanley Black and Decker for \$900 million. Even before the onset of the 2008 economic crisis Kmart and Sears had begun to hemorrhage thousands of jobs and close hundreds of locations.

Sears Holdings was created in 2005 after Kmart emerged from bankruptcy and merged with the floundering Sears, Roebuck & Co. for \$11 billion. Despite the efforts to salvage both companies, Sears has seen its total sales cut in half since 2007.

Other major US retailers, including Kohls, L Brands and American Eagle, also announced declining holiday sales but have yet to announce any layoffs or store closures. Kohls closed 18 stores and laid off more than 1,500 employees in 2016.

The closings and layoffs are an indication of the actual state of the economy, more than seven years after the beginning of the supposed economic "recovery." The large traditional retailers have also come under immense pressure the growth in sales through online retailers such as Amazon over the last decade.

As American workers have seen their wages either stagnate or decline, they have increasingly turned to online retailers that offer goods at lower prices than the department stores and also offer the convenience of home shipping.

Amazon dominated the online holiday sales in November and December, accounting for 38 percent of all transactions. Meanwhile, the company reported that it shipped a total of 1 billion items worldwide in 2016.

Amazon has been able to capture an increasing share of the retail market by exploiting its workforce through low wages, imposing high productivity demands and implementing robotic automation.

A worker classified as an order picker at one of its massive fulfillment center warehouses earns less than \$12.00 an hour. Amazon warehouse employees walk between 7 and 15 miles every work day and must pass through an airport-style security inspection when leaving to go home.

As part of efforts to shorten delivery times and keep

up with growing demand, the company will open a number of new warehouses throughout the country. It was announced in December that Amazon would construct a 1 million square foot fulfillment center in Livonia, Michigan, a suburb of Detroit, on the site of a former General Motors plant, reportedly providing 1,000 full-time positions.

It is impossible to review the economic conditions in all of hundreds of areas which will be impacted by the latest store closures, but a small sampling gives a sense of the social conditions that prevail across the US.

The original Kmart store opened in 1962 in Garden City, Michigan, just south of where Amazon will open its new Livonia warehouse, and is one of those slated to be closed by April. Approximately 11 percent of the city's population lived in poverty in 2015.

Jasper, Alabama, a city of approximately 14,000, will also lose its Kmart. The city, located in the northwestern Appalachian region of the state, formerly one of the leading coal producers in the United States, has been hit hard by the collapse in the global demand for coal. North American Coal Corporation closed its Jasper operations in 2015, leading to the elimination of 118 jobs.

Rochester, New York will lose the Macy's department store, which serves as an anchor for its Marketplace Mall. In 2013, a third of the city's residents lived below the poverty line, more than half of children lived in poverty, and an astounding 16 percent of the population lived at less than half of the federal standard for poverty.

The latest round of retail store closings and layoffs are only an indication of what is to come in the next four years under the Trump administration, which is being staffed by billionaire oligarchs, Wall Street bankers and generals. As corporate taxes and regulations are cut, even more jobs will be sacrificed and wages will be slashed in order to further boost profits.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact