Sears files for bankruptcy, set to close 200 stores

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After 132 years in business, the former retail giant Sears Holding Corp. filed for bankruptcy protection on Monday. Sears will use Chapter 11 filing with the Federal Bankruptcy Court in New York in an attempt to manage its debts and continue operating at least until the end of the holiday season. The company plans to close 142 Sears and Kmart stores by the end of the year, in addition to 46 store closures announced in August.

Thousands of workers will lose their jobs as stores close by the end of the holidays. Some 68,000 employees, including 32,000 full-time workers, will be at risk of losing their jobs if the company fails to stay afloat. Mass layoffs have been common in the retail industry as a whole in recent years with Sears Holding already shrinking its workforce from 178,000 in January.

Sears started out as a watch company in 1886, but rapidly expanded into a massive mail order business. By 1895, the company touted a 532-page mail order catalog advertising a variety of goods, including clothing, tools, appliances and even homes. The company was the country’s premier retailer, comparable to a much earlier version of Amazon. It shipped products to the most remote parts of the US from a three-million square foot mail order hub in Chicago. At its peak the facility handled more than 105,000 orders a day.

By 1931, Sears’ brick and mortar stores outsold its catalog, altering the company’s dynamic and role in the US economy. The company opened its first downtown emporium in 1932, where shoppers could dine, have family photos taken, visit a dentist, have a tire changed and have access a multitude of other services. During the post-World War II boom, Sears stores followed American families as they moved to the suburbs, acting as anchors to the regional malls established to serve suburban consumers.

Sears filing for bankruptcy is the latest catastrophe in a broader crisis in the US retail industry. The last decade has seen a multitude of buyouts, mergers and acquisitions by finance corporations as part of desperate efforts by retailers to avoid bankruptcy or liquidation by corporate robber barons gaining what profit they can before selling or liquidating the retail companies.

US retailers have been forced to close brick-and-mortar stores to maintain profitability, closing thousands of stores in 2018 alone. Figures in May indicated the retail industry was responsible for more than a third of job cuts announced in 2018. An overview of a handful of corporations gives scope to the severity of the issue.

In April, Subway, the fast food chain with the most locations in the world, closed 500 US locations alone.

Bon-Ton Stores, Inc., the parent company of a number of chains included Boston Store, Younkers and Carson’s, went out of business after 150 years in operation. The company began to close all 256 of its locations in April.

The parent company for Toys “R” Us filed for bankruptcy in September 2017, hoping to find a buyer for its operations. The company is now in the process of liquidating all of its 735 properties across the US, and some 1,700 stores worldwide.

In January, Walmart-owned Sam’s Club closed 63 of its locations while laying off an estimated 11,000 workers. The company closed roughly 10 percent of Sam’s Club locations while announcing a raise in its minimum hourly wage from $9 to $11.

The large-scale loss of jobs and crisis of retail are bound up with the process of monopolization occurring in all business sectors. Online retailers like Amazon and Walmart have spearheaded this process, as online shopping becomes more commonplace and the degradation of workers' living conditions limits their ability to purchase goods and services.

Retailers have been forced to downsize and shift jobs to labor-intensive distribution centers. Even as many companies are increasingly turning to online sales to counteract poor store sales, Amazon continues to tower over other retailers, accounting for 53 percent of all online sales growth in 2016.

Stagnant wages also play a role in the "retail apocalypse." Workers' wages have seen little to no growth in the last four decades, and any economic "growth" experienced after the Great Recession has gone to the upper echelons of society. The vast majority of jobs created since 2008 have been part-time or temporary. Retailers are closing stores in predominantly poor and working-class areas, robbing the most disadvantaged of employment.

Studies show that 15 percent of retailers are at risk of shutting down and it is estimated that within five years, up to 25 percent of American malls could close, with tens of thousands of people losing their jobs. The majority of retail-related jobs are continuously fed into massive corporations like Amazon that work their employees to exhaustion, and sometimes death. The ultimate result of the retail crisis is escalation of attacks on the wages and living conditions of workers.

Sears lost over $11 billion since 2011, including $5.8 billion lost in the last five years. More than 1,000 stores have closed in the last decade. Well over 700 Kmart and Sears locations have been shut down in the last two years alone.

While Sears was bleeding out, CEO and hedge fund billionaire Edward S. Lampert lined his and his associates' pockets. Lampert bought Kmart after it filed for bankruptcy in 2003 and acquired Sears a year later. As CEO, Lampert claimed his strategy was to reinvest in the company by selling off assets and closing stores.

Lampert orchestrated deals that cannibalized the company's most profitable brands, creating separate entities in which he had stakes. Lampert sold Lands' End, a clothing brand in which his hedge fund now has a large stake. In 2015, he sold $2.7 billion worth of stores to the retail company Seritage. Lampert is a large investor in Seritage, as well as its chairman.

Lampert's takeover of Sears epitomizes the ever growing domination of finance capital in the US economy. ESL Investments, Lampert's hedge fund, holds about 40 percent of Sears Holdings' debt—some $1.1 billion in loans. Lampert could force Sears to sell its stores to retail companies or transfer them to his own to repay the debt. Sears' many other debtors will cash in on the company's assets as well.

Private equity firms have played a nefarious role in the retail apocalypse. A key cause in the large-scale closures is that many retail chains are overwhelmed with the debt which accompanies leveraged buyouts. Sears has a total of $5.6 billion in bank loan and bond debts.

Lampert and other financial parasites will make billions if Sears is eventually liquidated. Sears' bankruptcy represents a huge loss for the workers employed at the closing stores, but also the working class as a whole. Giant corporations will squeeze every penny they can out of workers while continuing the erosion of their living standards.