Sears liquidation temporarily averted, thousands more jobs to be slashed

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9 January 2019

Sears Holding Corp. put its decision to liquidate on hold Tuesday, considering a revised offer for a takeover bid by its chairman and former CEO, hedge fund manager Eddie Lampert. The original takeover bid to purchase all of Sears' assets, including 425 of its retail stores, for $4.4 billion was announced by Lampert on December 28, 2018, and was initially rejected by the company's board.

Lampert bid for the US retail chain through an affiliate of his ESL Investments hedge fund, Transform Holdco LLC. The offer included a $1.3 billion financing commitment from three financial groups. Lampert took over as the company's CEO in 2013 and stepped down after the company filed for bankruptcy in October 2018.

According to Sears' lawyers, Lampert has until 4 p.m. Eastern on Wednesday to make a $120 million down payment as part of a revised bid. If the offer is accepted, 425 of 500 remaining stores will remain open and up to 50,000 of the current 68,000 employees will be retained.

The company's stock, now considered a "penny stock" and recently valued at near zero, rose 30 percent to $0.39 per share after the announcement.

In late 2018, Sears announced that it planned to close 80 Sears and Kmart stores across the US in March, in addition to the nearly 200 already set for closure. The retailer filed for bankruptcy earlier in October when it was operating nearly 700 stores, saying it would close only 142 unprofitable stores; the next month, it announced that an additional 40 would be closed.

Sears has suffered a series of financial crises as a part of America's ongoing "retail apocalypse" that has claimed big box chains such as Toys "R" Us, Bon-Ton stores and The Sports Authority. Throughout much of the 20th century, the company was the country's largest retailer and its largest private-sector employer. The once powerful department chain suffered financial losses as it faced competition first from big box retailers like Walmart and later from e-commerce giants like Amazon.

The 126-year-old department store chain began as a mail-order retailer in the late 19th century. Through its mail order catalog, it was able grow rapidly by penetrating into underserved rural markets as railroads linked together distant parts of the country and the Rural Free Delivery Act of 1896 expanded mail routes into rural areas.

Sears opened its first department store in Chicago, Illinois in 1925, and continued to expand after the post-World War II boom in the US. By 1975, Sears, along with Montgomery Ward and JC Penney, captured 43 per cent of all department store sales in the country.

By 1991, Walmart overtook Sears as the largest retailer in the US, as a part of the phenomenon of the growth of big box stores which relied heavily on ultra-low-wage labor and cheap goods produced in other countries, many of which had been torn apart by US imperialist exploits. Department stores in the US are being phased out, and Sears, though comparable to the expanse of Amazon in its heyday, was no exception.

Lampert purchased the giant retailer through a merger with discount chain Kmart in 2005, and through his hedge fund engaged in a series of relentless acts of bloodletting to extract every ounce of financial profit that he could from the dying chain. ESL engaged in numerous stock buybacks and other financial schemes to articificially inflate the stock price, while accumulating a large amount of the company's shares for itself.

When Sears declared bankruptcy in October, Lampert personally owned a 31 per cent stake in the company, while ESL Investments held an additional 18 per cent. Lampert is currently the company’s largest shareholder.

In addition to owning the largest amount of the company’s stock of any of its shareholders, Lampert and ESL own a large amount of its debt. In October, ESL and a related fund, JPP, owned about $2.66 billion in Sears debt, with interest on the notes of between $200 million and $225 million per year.

In 2014, Sears sold its Land’s End clothing brand to a consortium that was two-thirds controlled by ESL. In 2016, Sears sold Craftsman brand tools to Black & Decker for $900 million to pay off debt, including to Lampert’s hedge fund. Sears’ Die Hard batteries were put up for sale in 2017, and in 2018 Lampert made a $400 million bid for Kenmore appliances and an $80 million bid for Sears Home Improvement stores.

In 2015, Lampert split off 235 of the company’s most profitable stores and 31 other Sears real estate holdings to sell to a private real estate trust, Seritage Growth Properties, for $2.7 billion. Lampert’s hedge fund owns 43.5 per cent of this partnership and Lampert serves as chairman. From this transaction, Lampert and ESL have extracted hundreds of millions of dollars from the company in rent, property tax expenses, insurance and utility payments.

Lampert founded ESL Investments in 1988 after a brief period in Goldman Sachs’ risk arbitrage department. The hedge fund specialized in betting on undervalued stocks. He and his wife, attorney Kinga Lampert, own three mansions and a 288-foot luxury yacht. His net worth, which has fallen since Sears’ bankruptcy and possible liquidation were announced, is valued at nearly $1 billion.

Lampert is a perfect example of the parasitic oligarch who has been elevated to the top of society via financialization. His wealth has been gained not through his own merits or hard work, but through a series of financial transactions that have bled the vast productive forces of society dry.

The livelihood of 68,000 Sears employees now hangs in the balance. If any worker loses his or her job because of a cutthroat deal or liquidation, it will not be the outcome of impersonal economic forces but a premediated criminal act by the ruling class.

Most Sears retail employees are paid extremely low wages, in many cases not enough to afford a modest two-bedroom apartment in most American cities. According to Glassdoor.com, a cashier can expect to make on average $19,697 per year; a sales associate, $21,079 per year; a visual merchandiser, $27,498 per year; and an automotive technician, $33,027 per year.

Whatever the outcome for Sears, further attacks are being planned on workers throughout the economy. In order to fight back, workers must form their own rank-and-file committees to defend their jobs and fight for better wages and working conditions.

In their struggle, workers at Sears should link up with other heavily exploited workers in the retail and logistics sector, including Amazon workers and UPS workers, and autoworkers at General Motors, Ford and Chrysler, who are also faced with the threat of job losses and plant closures.

The capitalist system has nothing to offer the working class. Only through a unified struggle of the working class, independent of the trade unions and capitalist political parties, can workers defend their right to a good-paying job by fighting for an end to capitalism and putting in its place socialism, a system in which the productive forces of society are used to meet the needs of the vast majority and not a few wealthy parasites.