

# German department store chain Real to be broken up, threatening 34,000 jobs

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29 February 2020

The piecemeal breakup of the Real department store chain has begun following Metro AG's announcement last week of the sale of the chain to a property investor.

The CEO of the wholesale giant Metro, Olaf Koch, sold Real to the Russian investor SCP Group, which cooperates with the German real estate investor X+Bricks. The 300 million euro deal affects 276 stores plus Real's digital business, including the online marketplace real.de, and 80 other properties.

"Around 34,000 employees will be taken over with their contracts under the previous conditions," Metro declared last Friday. But the jobs of the 34,000 employees will not stand in the way of the real estate sharks making a profit: the new owners announced they will not retain a single store for more than two years if necessary.

In an interview with business daily *Handelsblatt*, the head of the SCP group, Marjorie Brabet-Friel, indicated that the department store chain will be broken up. "Real as it is today is not sustainable," she said. Most of the 276 stores will likely be resold to competitors, such as Kaufland and Edeka.

Some of the Real department stores are to be converted for variable use, so that several companies, such as grocery and drugstore chains Rewe, Aldi, Lidl and DM, can move in. At least 30 stores will be closed. The SCP Group is also giving up the digital business.

Werner Klockhaus, chairman of the General Works Council, warned that there could immediately be "about 10,000 unemployed," i.e., almost one in three employees.

Not even 20 percent of the stores will continue to operate under the Real brand. Some 50 stores will remain under the umbrella of the SCP Group for two years. Savings are to be achieved primarily by obtaining lower prices in purchasing. In other words,

the employees of the suppliers—workers at wholesalers and meat factories, as well as farmers—are to be further exploited so as to secure the profits of the real estate speculators. If the resulting businesses do not make sufficient profits, they too will be closed or resold. In view of the already ruinous price war, the outlook for these stores appears bleak.

All employees whose jobs are sold off along with their stores will have to prepare for new wage cuts because Real's competitors are expected to pay even lower rates. The daily *Süddeutsche Zeitung* wrote that Real's already low wages were not "competitive" with "market-dominant competitors" such as Edeka and Rewe, which pay their cashiers and warehouse staff up to 30 percent less.

At present, it is not even known which Real stores are to be closed, sold or converted. "You have to look at each location separately," Brabet-Friel explained in *Handelsblatt*. "Some are already very successful, others need a new partner to become successful again."

The workers are to be strung along for another four to five months, when it should be clear which Real stores will close.

Meanwhile, competitors are circling the ailing company like vultures. Kaufland already has a list of stores in which the company, part of the Lidl empire, is interested, reports *Lebensmittel Zeitung*. Kaufland wants to take over at least 100 stores, mainly in North Rhine-Westphalia and Northern Germany, where the company has opened only a few so far. Apparently, the focus of interest is on smaller stores with an average of 5,500 square metres of sales area. But Kaufland also plans to take over two large Real stores in Baden-Württemberg, in the towns of Karlsruhe-Durlach and Böblingen-Hulb.

Real employees face a similar fate as the 25,000

mainly women who worked for Schlecker. They lost their jobs in 2012 when the drugstore chain went bankrupt.

And like Schlecker, the Verdi trade union has supported and prepared all this. In 2007, Real had almost 350 stores, today there are 276. Verdi has protested loudly against the store closures and wage cuts Real has implemented in recent years. But it has never mobilized Real employees nationwide to take industrial action, let alone appealing for support from other sectors. Metro AG has long been able to rely on the unions, with which it works behind the workers' backs.

For example, Werner Klockhaus, head of the works council, is also deputy chairman of the Metro AG Supervisory Board. He is in close contact with company management and also with the chairman of the Supervisory Board, Jürgen Steinemann, who, according to the *Süddeutsche Zeitung*, pushed through the resolution to sell off the chain using his double vote in the 20-member body.

Klockhaus and Verdi have been conning Real employees for years with ever new demands on the group's owners, management and federal politicians. Last July, almost 600 Real works council members demanded "a socially acceptable sale of Real" in a petition to the federal government.

The works council members knew that the sale was a foregone conclusion, writing, "As things stand today, it looks like a break-up." Led by Verdi, they had nothing better to do than ask the federal government to "face up to your responsibility and support us." As if the Christian Democrats and Social Democrats represented workers' interests and not those of big business!

It was therefore not difficult to foresee that Labour Minister Hubertus Heil (Social Democratic Party—SPD) would not keep the promise he had made in 2018 to protesting Real workers. Heil had pledged that he would "send a signal against abandoning collective agreements" and "stand up for the industry-level wage agreement." At that time, the *World Socialist Web Site* wrote, "Nothing has happened to date, and the federal government will also do nothing."

The government and the whole of federal politics represent the political and economic interests of the ruling elites, the banks, shareholders, real estate funds and large corporations. The trade unions have

represented the same interests for many years. They have totally aligned themselves with their national governments and corporations.

Now that the sale has been sealed, Verdi is continuing business as usual. "Everything seems to revolve around retail real estate and other profitable properties," the union complains in a recent leaflet about the sale of the Real chain. It impotently protests that Metro and Real have shirked their social obligations. Now it is "up to the current and future buyers to behave differently and show responsibility," the union declares.

A month ago, the WSWS wrote: "Workers must draw political conclusions from this situation. The trade unions do not speak on the workers' behalf. Real workers must take their fate in their own hands and take up a fight to defend their jobs and their standard of living. The conditions for such a struggle exist—but the crucial thing is to organize independently of the unions. Their representatives must not be politically trusted."

The initiative for an alternative to Verdi and the other unions must come from workers themselves. Independent action committees must be formed. These must stand up internationally against internationally operating corporations and represent the social interests of the working class without compromise. The interests of the real estate companies, banks, corporations and big shareholders cannot be reconciled with those of Real employees.

In January, the WSWS pointed out that the need for an international strategy was particularly evident in the case of Metro AG. "Only last October, the group divested all parts of the company in China and put the Chinese workers at 97 wholesale stores in essentially the same situation as the Real workers."



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