

US retailer JCPenney to close nearly one-third of department stores, announces bankruptcy

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American department retailer JCPenney announced Monday that it will permanently close nearly one-third, or 242, of its 846 existing retail stores across the US. The closures are part of the struggling Plano, Texas-based department store chain's decision to file for Chapter 11 bankruptcy on Friday.

The stores are set to close between the current and next fiscal year, according to documents filed with the US Securities and Exchange Commission (SEC). This year 192 stores are slated for closure with the remaining 50 to close in 2021.

The SEC filing quoted the company as stating that the remaining 604 stores will "represent the highest sales-generating, most profitable, and most productive stores in the network." A full list of the closing stores has yet to be released, but it can be expected that they will be located in some of the most economically depressed areas of the US which have been hardest hit by both the economic depression brought on by the COVID-19 pandemic and the 2008 recession before it.

JCPenney joins other major chains, including Neiman Marcus and J.Crew, in filing for bankruptcy amid the pandemic. Like its competitor and fellow struggling department store giant Sears, JCPenney filed for bankruptcy to avoid liquidation after years of parasitic financialization had cut the corporation's assets to the bone. S&P Global Ratings currently ranks the retailer as "distressed" with a negative outlook and has assigned it a CCC, or junk bond, status.

The most recent announcement of JCPenney's store closures comes on top of 27 permanent closings in 2019. That year saw an unprecedented wave of 9,700 retail store closures across the US and the liquidation of well-known chains such as Toys"R"Us, Payless

ShoeSource, Charlotte Russe and Gymboree.

JCPenney was incorporated in 1913 and expanded rapidly from 1960–1979. At its height in 1973, the retailer operated 2,053 stores worldwide until it began to decline one year later as the 1974 recession took hold. The company began to close stores and departments or sell them off through mergers and acquisitions beginning in the late 1970s and continuing through the present day with closures especially accelerating after 2014.

In 2014, JCPenney closed 33 stores and laid off 2,000 employees and the following year closed 39 stores and laid off a further 2,250 employees. In 2017 it shuttered 140 stores and two distribution centers, offering buyouts to 6,000 employees who lost their jobs.

The US "retail apocalypse" of the last several years has thrust a growing number of workers into lower-paid and precarious contract work in the "gig" economy. Now with the unprecedented economic crisis in the US, thousands of retail workers who have been or will be laid off are facing destitution.

US retail sales fell by 5.7 percent in March over the same period in 2019, and by an astounding 21.6 percent in April according to data compiled by the US Census Bureau. The most recent drop in retail sales dwarfs the previous record decline of 3.9 percent in November 2008 at the outset of the last economic recession. The hardest-hit categories in April this year were furniture sales, falling by 59 percent; electronics and appliances, 60 percent; and clothing stores, 79 percent.

Department stores as a whole lost 29 percent of sales year-over-year on April. Only online retailers saw an increase in sales over the past month, up 8.4 percent, hardly enough to offset the overall plunge. Retail

spending is a major driver of the US economy, with estimates putting total consumer spending at two-thirds of the national economic base and is often used as a benchmark for the country's overall economic health.

To underscore the recklessness of the corporate ruling class, after declaring bankruptcy JCPenney has joined in the homicidal rush to "reopen" the US economy, already having reopened 41 of its stores and announcing the reopening of 115 more on Wednesday. All 846 of the company's locations had been closed since March 18 due to concerns over the spread of COVID-19. These moves will sacrifice hundreds if not thousands more lives for the dying company's futile drive for profit.

The decline of traditional "brick and mortar" retail is part of a protracted process which has spanned decades as corporate mergers and acquisitions have accelerated and as the industry has been challenged by competition from the advent of internet e-commerce, presently dominated by tech giant Amazon. The COVID-19 pandemic has only accelerated this ongoing seismic shift which was well underway.

Economists highlight the bloodbath of job cuts after US states went under lockdowns in March as a leading cause of the sharp drops in non-essential retail spending. With 36 million jobs lost over the past two months and official unemployment at 14.7 percent—the highest rate since the Great Depression of the 1930s—masses of workers in the US have no disposable income with the absence of any adequate government unemployment assistance programs.

Pointing out the futility of the US government's efforts to prop up the failed capitalist system, economists warn that the \$2.2 trillion CARES Act stimulus package handed to corporate America and the banks by Congress will do little to lighten the economic blows faced by US physical retailers, with some 65 percent of stores expected to close permanently if shut down for four months or more due to public health concerns, according to the *Chicago Tribune*.

This downward spiral will be exacerbated by the US government's utter refusal to implement and maintain measures to effectively contain the virus, including widespread testing of all residents, quarantining and contact tracing programs. With tens of thousands of workers put out of work and the ongoing wave of closures coupled to completely inadequate social safety

nets, more and more will find that they can barely cover basic necessities, much less find the money for discretionary spending.

Retail workers are among the lowest-paid and most heavily exploited in the US. The workers who will lose their jobs as a result of JCPenney's and other stores' closings will join the masses of manufacturing workers, health care workers, teachers, transportation, arts and entertainment workers and others who will be fighting against the corporations, big banks and state governments for their right to a livable income and guaranteed benefits while remaining safely at home to stop the spread of the coronavirus.



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