

Germany: Verdi trade union sells out Galeria Kaufhof Karstadt workers

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Last Friday, the Verdi trade union organised rallies against closures and mass dismissals in front of Galeria Kaufhof Karstadt chain department stores throughout Germany. Several dozen employees, local people showing solidarity, and representatives of the union and works councils took part in each of the rallies.

Department store workers were understandably angry and desperate about the closures. On the part of the union, however, the whole thing was a cynical attempt to cover up the traces of their betrayal. Verdi brazenly claimed it would “fight for every job and every store.” In reality, the union and the general works council were involved in drawing up the closure plans.

A week earlier, Verdi had announced the conclusion of a collective agreement with the company, which is in so-called voluntary insolvency proceedings. Sixty-two branches throughout Germany—more than a third!—are to be closed, with over 6,000 staff losing their jobs.

Verdi and the general works council are trying to present this jobs massacre as a “success.” They claim to have prevented even more branches from being closed and the staff in the remaining branches from being reduced by (another) 10 percent.

One day after the rallies, which took place in the form of human chains and similarly powerless symbolic actions, Verdi announced a collective agreement with Galleria Kaufhof Karstadt concerning the closure of 50 delicatessen stores with 637 of 2,100 workers losing their jobs.

For the owner of the department store chain, René Benko, the loss of sales due to the coronavirus pandemic provides a welcome excuse to quickly implement his long-standing plans using the insolvency proceedings. Under this particular form of voluntary insolvency, the company management is obliged to submit its own “restructuring” plan to the insolvency court within three months—i.e., a plan to close down the locations that are not generating enough profit and to make massive job and wage cuts.

In this way, Benko can use the court as a lever to enforce his strategy. For years, his strategy has been to gather as

many department stores as possible in Germany, Austria, Switzerland and other countries, but only maintain and expand the most profitable ones. For the rest, at most the properties are sold off, while the sale of goods is largely discontinued. Galeria Kaufhof Karstadt belongs to this “rest.”

Long before the coronavirus crisis and the insolvency proceedings, Benko concluded a deal in March with financial investor Apollo to this end. The deal provides for the takeover of 17 of its department store properties by Apollo, leaving him with only 10 stores, all of which are in prime locations, as well as the KaDeWe luxury outlets in Berlin, Munich, and Hamburg.

A similar department store for the super-rich is also to be built in Vienna next year. The few profitable properties belonging to Galeria Kaufhof, such as the one on Berlin’s Alexanderplatz or Frankfurt’s Zeil, could then “take shelter” in this KaDeWe group, Benko generously announced.

The selection of the locations condemned to death and those chosen for survival shows the anti-working-class character of the corporate and social plans approved by Verdi. The branches in poorer parts of Berlin, such as Wedding, Neukölln or Tempelhof, which provide the population with all-round service daily, will be closed. In the KaDeWe Group, on the other hand, over €1 billion are to be invested in the coming months. With its luxurious ambience and range of goods, this is aimed at wealthy tourists, such as the relatives of Chinese entrepreneurs and state bureaucrats, Russian oligarchs and Arab sheikhs.

The *Wiener Zeitung* is enthusiastic about this department store concept: “The senses should be stimulated, and emotions aroused. Customers should be able to discover goods on-site and have them delivered to their homes afterwards.” According to a KaDeWe spokeswoman, this “has already brought about a 30 to 40 percent increase in sales in Berlin in the first two years of its realisation.”

To accelerate the implementation of this concept, Benko, as owner of the properties, is refusing to grant rent reductions to his own stores. Only those locations of the

KaDeWe Group that can also pay the high rents are to survive and, at the same time, as the owner, put even more money in his pockets. The others should die more quickly.

Verdi and the representatives of the general works council collaborate very closely with Benko and his management in all these shady dealings. They always follow the same pattern: Behind closed doors, wage cuts and job losses are negotiated, only to pass off the devastating result as a “victory” in the “fight to prevent worse.”

In December 2019, the so-called integration agreement for employees of the merged Galeria Kaufhof and Karstadt chains established significantly lower salaries than the regional collective agreement. Christmas bonuses and annual special payments were also abolished. In “return,” the “department store saviour Benko” then promised a “location guarantee until the end of 2024.”

As could have been foreseen, barely six months later, there is nothing left of it. Instead, the new contract announced on June 19 once again enforces wage cuts. The minimum wage increases of 0.3 percent for 2020, agreed in December 2019 and possible (!) wage increases for 2021, have been retrospectively converted into work time credits by Verdi, with corresponding consequences for annual income, and short-time working and unemployment benefits.

The establishment of “transfer companies,” agreed upon by the works councils, into which employees who have lost their jobs are to be transferred, ostensibly for retraining measures, is downright morbid. In reality, these transfer companies are nothing more than marshalling yards into unemployment.

An invention of the trade unions, they were already notorious as such during the mass redundancies during the restoration of capitalism in East Germany in the 1990s. They are intended to demoralise workers and prevent them from taking up an active fight against the closures agreed by the union and management.

One thing is obvious to all employees who are thinking about how to conduct this fight effectively: the union and the works council big-wigs are on the other side, on the side of multibillionaire René Benko and his equally wealthy investors, such as management consultant Roland Berger, some insurance companies and the Thai Central Group, the main shareholder of the premium real estate of the KaDeWe Group.

With the closures, mass layoffs and wage cuts at Galeria Kaufhof Karstadt, at Lufthansa and the auto companies and suppliers, the destruction of jobs and wages is taking on a similarly gigantic scale as during the Great Depression of the 1930s, when it was enforced with the help of emergency decrees issued by the Brüning, Papen and Schleicher regimes.

The German bourgeoisie then brought Hitler and the Nazis to power in 1933 to consolidate these conditions of exploitation by smashing all the rights and organisations of the working class and to use them as cannon fodder in a new world war. Today, the ruling elite is taking the same path again. Billions are handed over to the corporations, banks and speculators, billions and billions for war armaments, while the population is plunged into unemployment and poverty!

It is therefore high time that department store workers, as in all other companies affected by closures and wage cuts, take up an uncompromising fight against the attacks of the capitalists!

To do so, they must break away from the unions that defend the capitalist profit system and build their own organisations of struggle, workplace action committees. In this way, they can take the defence of jobs and wages into their own hands, coordinate it across all sites and unite internationally with the struggle of workers in the other industrial and commercial sectors.

This struggle must be conducted based on a socialist programme. Billionaires like Benko, real estate companies, banks and industrial groups must be expropriated without compensation, their companies placed under the democratic control of the working class. Only by freeing the whole of society from the dictates of the profit interests of a tiny rich minority and by reorganising it according to the basic needs and democratic rights of the working population can the right to work and a decent income be enforced.

The Sozialistische Gleichheitspartei (Socialist Equality Party) invites the employees of Galeria Kaufhof Karstadt to contact it. It is the only party representing this programme and, as the German section of the International Committee of the Fourth International, is fighting for its realisation.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact