Breakup of Germany’s remaining large department store chain Galeria Karstadt Kaufhof decided

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14 April 2023

“Rescue plan”—this is the name of the latest project to break up Galeria Karstadt Kaufhof (GKK), the last major German department store group. On March 27, the creditors’ meeting in Essen approved a “rescue plan” that envisages the closure of 47 of the 129 stores still open nationwide by the end of January 2024. Many Galeria department stores will even be shuttered by the end of June 2023.

Some 4,000 jobs in the stores and about 300 at the Essen headquarters will be eliminated, according to the plan presented by current CEO Miguel Müllenbach together with insolvency administrator Arndt Geiwitz. Shortly before Easter the first notices of termination were sent to staff, many of whom had worked in one or more GKK branches all their lives.

Hundreds more jobs are threatened at companies and distribution centres that depend on GKK. These include the large Fiege goods distribution centre (formerly Karstadt, then DHL) in Unna, east of Dortmund, which currently employs around 1,400 people. It is expecting a 40 percent drop in orders and will probably dispense with a large part of its workforce.

Those keeping their jobs at Galeria Karstadt Kaufhof, because their store will continue to operate, will have to reckon with wage cuts and an even heavier workload than before. GKK employees have already been forgoing wage increases to the benefit of the corporation for years. Their salaries are an average of €5,500 per year below the standard wage agreement for the industry.

Protests against the cutbacks are growing, and in recent days there have been strikes in department stores and rallies in city centres. On Saturday, workers went on strike in just over a dozen stores in Hesse, Baden-Württemberg and Hamburg, and on Wednesday and Thursday, sales assistants again stopped working in more than 20 stores in Berlin, North Rhine-Westphalia, Lower Saxony, Hesse, Bavaria and Rhineland-Palatinate. “It hurts to lose your job after 38 years,” said a striking window dresser in Nuremberg. Self-made cardboard signs read, “Thanks for Nix,” or simply, “Rage.”

The service sector union Verdi had called for the strikes but is not fighting the closures at all. As the official goal of the warning strikes, Verdi names the negotiations that have been ongoing since February about a new collective wage agreement—for those employees who can stay. The official Verdi statements say that the union is demanding “the recognition of the regional area collective agreements of the retail sector as well as insolvency protection for paid time accrued and other staff payment claims.”

This means nothing other than that Verdi has already accepted the insolvency itself with all the closures and is now helping to push it through. The statement by Verdi board member Steffi Nutzenberger that “we will continue to fight for the branches threatened with closure” does not change this.

Verdi does not represent the interests of the workers, but those of capital. The union has embraced multi-billionaire René Benko—like all his predecessors at the top of the corporation—as owner, and is working closely with his real estate holding company Signa. Verdi has foisted several so-called “restructuring collective agreements” on sales staff, which employees have paid for with the loss of thousands of jobs and ever new wage cuts, while the union functionaries were rewarded with lucrative supervisory board posts.

Just how much these agreements are worth was vividly demonstrated by the last “restructuring collective agreement” of April 2020, which contained a sales location guarantee and the exclusion of compulsory redundancies until 2024, and which at that time had already been “bought” with the closure of 40 stores and the destruction of 4,000 full-time jobs. In October 2022, management unilaterally terminated this contract and initiated today’s orgy of closures in the wake of another insolvency.

By then, the German government had already contributed €680 million as a “Coronavirus aid package” (i.e., from taxpayers’ money). At the same time, Benko’s own Signa Prime Selection AG had distributed dividends of €201 million to its shareholders.

The trade union bureaucrats and works council representatives have repeatedly helped to draw up “restructuring plans” similar to 2020 in order to deceive the workers and keep their resistance at bay. That is their role now, too.

There is only one way for sales staff, warehouse clerks, drivers, administrative workers and other GKK employees to keep their jobs and department stores: They must oppose the cartel of real estate speculators and their lackeys in the governing parties and union headquarters. They must build their own rank-and-file action committees that can act independently of Verdi. And they must address the entire working class on the basis of a socialist program.

In Berlin, this destructive cartel is particularly visible. Three years ago, the parties then controlling the Senate (state executive)—Social Democrats (SPD), Greens and Left Party—to which the Verdi union leaders are also close, gave Signa Holding the go-ahead for new construction projects at Alexanderplatz, Kurfürstendamm and Hermannplatz. In return, sales location guarantees were given for four Karstadt stores, but these are hardly worth the paper they are written on.

The stores in Berlin-Charlottenburg and Berlin-Müllerstrasse will close in January 2024, and the other locations have no long-term security either, not to mention any protection of the jobs and social gains of the employees. The signatures under the 2020 “Letter of Intent” come from the then ruling mayor Michael Müller (SPD), the then deputy mayor Ramona Pop (Greens) and the then Senator for Culture (state minister) Dr. Klaus Lederer (Left Party).