

Jobs massacre at department store chain Galeria Karstadt Kaufhof

Marianne Arens
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The jobs massacre continues at Galeria Karstadt Kaufhof (GKK), Germany's largest remaining department store chain. In the third insolvency in three-and-a-half years, more than a thousand sales assistants and 450 employees at the Essen headquarters are facing the final curtain. They cannot rely on the service sector union Verdi; it has already agreed to the redundancies behind the workers' backs. Independent rank-and-file action committees must now be set up to defend the jobs, wages and stores.

By the end of August, no fewer than 16 of the 92 stores still open today are to close their doors. These are right across the country: Augsburg, Berlin Ringcenter, Berlin Spandau, Berlin Tempelhof, Chemnitz, Essen, Cologne Breite Strasse, Leonberg, Mainz, Mannheim, Oldenburg, Potsdam, Regensburg, Trier, Wesel and Würzburg. This is further accelerating the decline of city centres.

Only around 11,000 full-time jobs will remain after the new round of cuts—six years ago there were 32,000, almost three times as many. According to the figures published April 27 by insolvency administrator Stefan Denkhau, 1,400 of the remaining 12,500 full-time jobs are under acute threat. A maximum of only 76 stores are to remain open. In 2018, there were still 243 GKK branches in Germany.

The works council representatives and Verdi trade union are actively involved in the closures and redundancies. Behind the backs of the workforce, the general works council has been collaborating with the insolvency administrator and the prospective buyers in recent months to devise so-called “social plans” and develop the redundancy programme in order to shed the staff. The dismissed employees are to be transferred into a “rescue company” for eight months, but this will be nothing more than a transfer station into unemployment.

At the beginning of April, it was announced that the department store chain was to be sold and that two buyers

were jointly acquiring it: Canadian investor Richard Baker, or rather his US investment company NRDC Equity Partners, and Mannheim entrepreneur Bernd Beetz. Both are not unknown to GKK employees. They have already plundered and run down the Kaufhof stores in the past. Baker was the owner of Galeria Kaufhof between 2015 and 2019 before handing it over to René Benko. Bernd Beetz was chairman of the Kaufhof Supervisory Board in 2018 and 2019.

As *Manager Magazin* writes, “Baker and Co. were awarded the contract practically for free, namely for a symbolic euro,” based solely on a vague promise to invest €100 million in the department store chain over the next few years. It was similar with Benko's takeover: he also promised that the sky was the limit and was given the chain for a single symbolic euro.

As then, Verdi reacted enthusiastically to the new investors. “We welcome the fact that a financially strong investor has obviously been found,” begins the written statement from Silke Zimmer, the Verdi executive board member responsible for retail. Jürgen Ettl, chairman of the General Works Council, claimed that the “scenario of Galeria being wound up” was now off the table and that there was “another chance for the department stores.”

In the same way, Verdi has so far welcomed every investor as an alleged “saviour,” from Thomas Middelhof to Heinz Berggruen and Richard Baker to René Benko, thereby tying the hands of the employees.

Thanks to this support from Verdi, Benko was able to enrich himself immensely at GKK. He merged Karstadt and Kaufhof to form Galeria, separated the department store business from the valuable properties in the city centre, sold some of the stores and collected overpriced rents from GKK for the rest. Thanks to Verdi's good relations with the federal government, Benko also collected €680 million in coronavirus subsidies, i.e., taxpayers' money.

He had dozens of branches closed and, with Verdi's help, was able to blackmail employees to accept lower wages. The company wage and reorganisation agreements, all of which bear the signature of Verdi, ensure that the monthly wages of GKK sales staff are still around €500 below the national wage rate for similar work.

Benko was able to amass billions in a very short space of time because he operated in a system that frees the money-grubbing of the rich from all restrictions. Capitalism has reached a point where a tiny upper-class layer is raking in fabulous profits on the stock exchanges, property and IT markets, while politicians cut taxes, plunder social systems, increase exploitation and massively arm the military.

For quite some time, Benko was able to take advantage of low interest rates and rising property prices to amass a fortune worth billions, which gave him unlimited creditworthiness in the eyes of investors and bankers. Until recently, he owned luxury properties such as New York's Chrysler Building, London's Selfridges, Berlin's KaDeWe, Hamburg's Alsterhaus and Munich's Oberpollinger.

Illustrious donors and politicians, including logistics billionaire Klaus-Michael Kühne, former Austrian chancellors Alfred Gusenbauer and Sebastian Kurz and the Green Party's Joschka Fischer, provided him with loans and access to any project he wanted, be it the Elbtower in Hamburg (now a ruined building) or Berlin's glamorous projects on Hermannplatz and Kurfürstendamm (both of which have since been cancelled).

Last year, interest rates began to rise again, real estate lost value and the Signa holding company's Ponzi scheme collapsed. Benko had to file for bankruptcy at the end of November 2023. The Forbes rich list, which recorded him with a fortune of over €5 billion, now places his assets at zero euros.

GKK filed for insolvency for the third time after the Signa holding company had squeezed out its stores with overpriced rents and failed to honour all financial commitments to restructure the department stores. This means that Germany's last major department store group, the second largest in Europe, is once again on the brink of collapse, and even a new group of investors will not make any significant changes.

While Benko has put aside enough to continue his life of luxury, it is GKK employees, sales assistants, warehouse staff, drivers and clerks who are expected to

pay for it. Under the Baker/Beetz regime, they will either get their walking papers or be blackmailed into further wage cuts and ever-increasing workloads.

Retail workers should draw conclusions. There is no solution under the Verdi bureaucrats. They do not represent the interests of workers and trade union members, but those of the capitalists, for which they are handsomely remunerated.

The only way out is for GKK employees to take their future into their own hands and form action committees independently of Verdi to fight for every job. They must fight for the following principles: *No more redundancies! No new "reorganisation plan!" The needs of the employees, their families and GKK customers are more important than the profit interests and private property of the capitalists!*

They will find allies among the hundreds of thousands of workers at other companies such as Ikea, Amazon, Rewe, Aldi and Lidl, etc., who have been fighting fiercely against wage dumping for months. Wages in the retail sector are so low that almost all employees face poverty in old age. More than 40 percent of them earn a low wage.

They will also find allies in the entire international working class, which is fighting against cuts in real wages and increased workloads—the consequences of the war economy. They will also find allies among the students and young people who are not giving up the fight against the Gaza genocide despite the repression they confront.

What is needed is the international and socialist programme that only the Sozialistische Gleichheitspartei (Socialist Equality Party) is fighting for in the European elections. Such a struggle will transform the growing social resistance into a powerful, European-wide and international movement against the real driving force of exploitation and war: the capitalist profit system.



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