

Fourth insolvency in 6 years leaves 12,000 Galeria workers facing store closures in Germany

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They can still be found in some town centres: Galeria department stores, where you can buy almost anything from winter jackets to pressure cookers, board games and groceries, and whose restaurants serve as meeting places. Eighty-three of these stores are still left—but what happens after Christmas is completely open. Many or all of them could be closed.

On October 2, Galeria again filed for insolvency at the Düsseldorf district court, its fourth filing in six years. As the WSWs has long documented, the company is being systematically plundered, dismantled and broken up step by step.

Officially, there are still 11,250 posts at Galeria, but because many sales assistants work part-time, there are around 12,000 employees. For 9,650 posts, “insolvency pay” will be paid until the end of 2026, i.e., the Federal Employment Agency will pay the wages, but only until December 31, i.e., covering the Christmas trade.

For at least a further 1,600 employees, who work in food departments and restaurants, pay from November onwards is completely uncertain. Of the 83 remaining stores, up to 33 are to be closed in January 2027, but in the end all of them are threatened with closure.

In several stores the restaurants have already closed, and vouchers are no longer accepted. Individual departments have been cordoned off with barrier tape, as the goods serve as security for ongoing loans. “This brand is temporarily not for sale,” say the signs. Allegedly, there is no money to keep the stores running.

The causes given are the rampant growth of online retail, which is causing in-store sales to collapse, and expensive city centre rents. However, there are also the debts resulting from the enormous sums that dubious investors have been siphoning off from Galeria for years in order to enrich themselves.

The investor René Benko, in particular, perfected his Signa model at Galeria: he transferred the properties in the best city centre locations to his holding company and then leased them back to the stores at wildly inflated, usurious rents. At the same time, the astronomical rent payments (in some cases 20 or 30 percent of a store’s sales), increased the value of the Signa properties on paper.

With these artificially inflated valuations, Benko took out ever greater loans, worth billions—until the system finally collapsed. Signa went bankrupt and the multibillionaire ended up in court and in prison for fraud. Since mid-October he has been free again, wearing an electronic ankle tag.

After Benko’s departure, Galeria was taken over by the entrepreneur Bernd Beetz and the US investment company NRDC, which is owned by Richard Baker, former owner of the traditional German department store chain Kaufhof. They developed their own method of plundering the company.

Back in the period from 2015 to 2019, when he owned Kaufhof, Baker

extracted millions from the company by selling off luxury properties. Since the summer of 2024, when Baker and Beetz took over Galeria, they have invested very little equity, protected their private wealth and thus kept their liability risk very low. To pay running costs, they arranged usurious loans from “locusts” such as Bain Capital and Gordon Brothers at astronomical interest rates of up to 15 percent. The bill for the new insolvency is now being paid by the employees, the creditors, the suppliers and the taxpayers.

One thing is clear: the Galeria staff are not responsible—on the contrary. For years on end, they have been made to pay for this kind of parasitic enrichment, and for over 10 years they have forgone collectively agreed wages and holiday and Christmas pay, not to mention the many thousands of cases in which employees have lost their jobs and livelihoods.

The responsibility lies with the deeply rotten capitalist social system, in which profit and wealth are everything and the fate and lives of ordinary workers are nothing. Of the once 160,000 employees in 300 German department stores, only 12,000, or 7 percent, are left today. Older sales assistants who have already lived through the insolvencies of Galeria’s predecessors such as Karstadt, Kaufhof, Metro, Hertie, Horten, Quelle, Arcandor and so on can confirm that every insolvency has gone hand in hand with job cuts and wage losses.

Primarily responsible is the organisation that has for years tied employees’ hands, paralysed their resistance and delivered them up to these attacks again and again: the service union Verdi.

If anything “good” can be found in this catastrophic, ongoing tragedy, perhaps it is this: the Galeria insolvency has provided conclusive proof, once and for all, of the complete bankruptcy of Verdi’s strategy. At Galeria, the union’s strategy has failed not once or twice, but at least four times. Not once have its concessions and “restructuring contracts” stopped the greed of the investors or even moderated it.

Verdi’s role at Karstadt, Kaufhof and Galeria is that of co-manager, who paints every new investor in rosy colors and extorts far-reaching concessions from staff in return for the “fresh start.” When the “saviour” brings about the next insolvency—that is, when it becomes clear that all the staff’s sacrifices have not saved jobs—Verdi declares that the once highly praised investor made “hair-raising management errors.” These are the words of Silke Zimmer, the Verdi national executive member responsible for retail, on the cause of the latest insolvency.

It is true that Verdi gets an early look at the books through its union representatives on the supervisory board. While its functionaries react to the insolvency with indignant rhetoric and impotent hand-wringing, behind closed doors they are already preparing the next restructuring agreement.

Verdi’s main demand is: “An owner is needed who takes responsibility for Galeria and its employees.” Even though the owners prove themselves

to be fraudsters and swindlers every time, capitalist ownership is sacrosanct for Verdi. After the first meeting with insolvency administrator Frank Kebekus and management consultancy Roland Berger, Verdi said that the central works council was “cautiously optimistic.”

But Verdi’s strategy is bankrupt, as a brief look at the history of the company shows.

From **March 2019**, the remaining 174 Karstadt and Kaufhof stores belonged to the Austrian investor René Benko (Signa). He had previously presented his “concept for the future” at a meeting in Berlin. Those taking part included, besides the chairmen of the central works councils of both chains, the then-Verdi Chairman Frank Bsirske and Stefanie Nutzenberger of the Verdi executive. The result was a “restructuring contract” that paid Benko €70 million and provided for the destruction of 2,000 jobs. Galeria Karstadt Kaufhof left the sectoral collective agreement. The long-term consequence: Galeria wages today are up to 30 percent below the going rate under the retail sectoral collective agreement.

As early as April 2020 came the first Galeria insolvency. Because of the coronavirus pandemic, the company was granted protection under a pre-insolvency restructuring procedure, thanks to Verdi’s good relations with the federal government. By the summer of 2022, the Signa group had collected €680 million from the state Economic Stabilisation Fund. Forty-two department stores were closed on the basis of a new “social contract” (covering redundancies) that Verdi concluded behind the backs of the workforces. Up to 7,500 staff positions were destroyed.

When Benko filed for the next insolvency **in October 2022**, the store location guarantees from the restructuring contract concluded with Verdi proved to be worthless. The closure of a further 40 department stores began. Nevertheless, the Verdi executive immediately set about concluding a new restructuring contract with the same multibillionaire. In Berlin, the then-culture senator (state minister) Klaus Lederer of Die Linke (Left Party) enabled Benko to carry out controversial property projects at Hermannplatz, Alexanderplatz and Kurfürstendamm.

As the WSWs wrote at the time, “workers cannot assert their interests without confronting the cartel of trade unions, government and Die Linke and calling the capitalist profit system as a whole into question.”

But even **in January 2024**, when Benko was put on trial in Innsbruck following the Signa collapse, Verdi worked closely on the third insolvency. Of the remaining 92 department stores, a further nine were closed and 1,400 more jobs were cut. At the time of the closure of the Essen headquarters and the planned job cuts, the chairman of the central works council, Jürgen Ettl, told business weekly *Wirtschaftswoche*: “For me as a works councilor, this is hard,” (but) “in our situation there must be no taboos on thinking, even for works councils.”

Even today, with everything at stake **in autumn 2026**, the union is not changing its strategy. Since the summer of 2026, its functionaries have been negotiating behind closed doors over the closure of 33 stores. And once again Verdi is staking everything on a new investor, writing: “Above all, Galeria needs an owner who takes responsibility for the company and its employees.”

The only ones who have ever profited from this strategy are the investors, who today are millionaires and billionaires, and their advisers and lackeys. A “host of prominent lawyers and advisers,” writes the *Westdeutsche Allgemeine* (WAZ), is currently looking for new investors for the department store group. Retail expert Gerrit Heinemann commented years ago: “Hardly any company has paid as much in consultancy fees over the last 20 years as Karstadt and Kaufhof.”

Roland Berger was already active in the Arcandor bankruptcy in 2009, when the billionaire Nicolas Berggruen was pulled out of the hat. Berggruen took over the Karstadt Quelle group for a symbolic euro—only to sell it later to René Benko. According to the WAZ, the insolvency administrator at the time pocketed €50 million for his services in the Arcandor proceedings. In the 2020 insolvency proceedings, €80 million

flowed to the advisers, €36 million of it to Frank Kebekus, who is active again today, and the insolvency administrator Arndt Geiwitz. It is not known how much Roland Berger will receive for its latest mission at Galeria.

The Verdi functionaries have profited too, handsomely paid as they are for preparing ever new “social contracts” behind the backs of the employees that include job cuts and wage reductions, and then enforcing the sellouts.

Business representatives are now openly demanding the closure of the entire Galeria group. Finance daily *Handelsblatt* writes: “In the case of the department store group, after four bankruptcies in six years, a horrible end is now simply more sensible than horror without end.”

Meanwhile, more and more staff are realising what is going on: a thin upper layer is raking in fabulous profits, while the working class foots the bill at the dictates of its “own” representatives in the union bureaucracy.

The only way out is for the Galeria workforce to begin organising independently of Verdi in rank-and-file action committees and take up the fight for every job.

No more layoffs! No new “restructuring plans”! Every job must be defended! The principle must apply that the needs of the employees and their families rank higher than the profit interests of the owners and shareholders and their lackeys.

Galeria workers will find allies for this struggle throughout the international working class—among their colleagues at Amazon, IKEA, Rewe, Aldi and Lidl, who are likewise fighting wage dumping, and among the auto and supplier workers who are under massive attack. What is needed is a new strategy, one that is international and socialist, and a leadership that is prepared to expropriate the corporations and banks and place them under workers’ control.

Join in building independent action committees! Contact us via the contact form below or by WhatsApp on +49 163 3378340.



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