

# Germany's Verdi trade union supports jobs massacre at department store chain

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Germany's service-sector trade union Verdi has agreed behind the backs of the workforce to a jobs massacre at the Galeria Karstadt Kaufhof department store chain. At least one in three outlets will be closed. This is contained within a so-called social plan agreed to by the trade union and central works council.

This time around, Verdi even abandoned its ritualistic whistle-led protests, which in the past were used to make the workers believe that the union was ready to fight. Instead, the trade union and works councillors signed an agreement with company management that includes a jobs massacre and the devastation of workers' livelihoods, without so much as consulting the workforce.

The agreement reached by management and the union proposes the initial closing of 62 Karstadt and Kaufhof outlets. Six out of 11 outlets in Berlin will close, four in Hamburg, three in Munich, and two in Dortmund, Düsseldorf, Essen, and Nuremberg. Many smaller cities will also be impacted. Only 110 stores will remain open for the time being. The bargain centres in Gießen and Frankfurt will also close, while the planned store in Berlin Tegel will not open its doors.

The jobs massacre at Karstadt Kaufhof will affect 6,000 full-time positions, not including the impact on the supply chain. Since many sales personnel work part-time, around 7,500 workers will lose their jobs. Verdi agreed that they will be moved to a transfer company for six months.

Last weekend, news agencies reported that in addition to the department store outlets, 20 out of 30 Karstadt Sports stores will close, including in Cologne, Düsseldorf, Dortmund, Essen, Hamburg, and Munich. The administrative centre for Karstadt Sports in Essen will close, while the travel subsidiary located there will be outsourced. The financial accounts department in Cologne Porz will be dismantled. This means further job losses of at least 700. A large number of the 130 travel

agencies will also shut down.

The department store chain stated that following the jobs massacre, some 25,000 workers will remain. They will be subject to the collective agreement finalised just before Christmas 2019. In that deal, Verdi bullied workers into accepting the gutting of their Christmas bonus and holiday pay in exchange for a jobs guarantee.

The job-cutting agreement prepared by a court-appointed administrator, Frank Kebikus, the company's general counsel Arndt Geiwitz, Verdi, and the works council remains conditional on the remaining landlords agreeing to reduce rent payments. In other words, the vast jobs massacre already announced could be expanded substantially. If the property companies involved refuse to reduce rents, the agreement proposes a further round of closures.

Company management, the general council, and the trade union prepared this attack by first announcing an even higher number of job cuts. In May, the insolvency specialists Kebikus and Geiwitz announced the closure of 80 department stores, the shuttering of the sports and travel outlets, and the elimination of 10 percent of the workforce. Now it has been reduced to 62 outlets. And Verdi is boasting that the threat of further job cuts has been removed.

In May, Verdi was still talking about a "hard fight." Nothing of the sort happened. The trade union, company management, and insolvency specialists cooperated on working out the job cuts, which the company wanted from the outset.

If Stefanie Nutzenberger, a member of the Verdi executive responsible for retail, now says that she hopes to reduce the number of closures further, this is nothing but a slap in the face for the workers. "We will fight with all of our energy for the retention of the outlets and the future of the employees. The last word has yet to be spoken," she said.

This is a flat-out lie. Verdi and the works council long ago signed off on the current round of attacks. This has been the practice for years.

Trade union representatives and works councillors sit on Karstadt Kaufhof's supervisory board, and have drafted social plans and agreements to restructure the business, including massive wage cuts, time after time. Central council chair Jürgen Ettl is also currently deputy chairman of the supervisory board of the merged company. Several of his works council colleagues, including Siegfried Fichna, Theo Lajer, Gerhard Löpke and others, are cashing in handsomely as employee representatives on the supervisory board.

Stefanie Nutzenberger herself was a Verdi representative on Karstadt's supervisory board for many years. Verdi is now represented by Orhan Akman, federal head of retail, and Heike Lattekamp, state head for retail in Hamburg, on the Galeria Karstadt Kaufhof supervisory board. Each of them has been working with company management for years to impose concessions-laden programmes.

When the financial firm ARcandor took the former chain KarstadtQuelle into bankruptcy almost 12 years ago with 28,000 workers, Verdi representative Margret Mönig-Raane was on the ARcandor supervisory board and worked closely with Arcandor chief executive and Bertelsmann manager Thomas Middelhoff. Thousands of salespeople lost their jobs as a result of the KarstadtQuelle bankruptcy. Five years after the insolvency, Middelhoff was sentenced to a three-year prison term for embezzlement and tax evasion.

Following Middelhoff, Verdi welcomed Nicolas Berggruen as the new saviour of Karstadt in 2010. As a welcome gift, the union negotiated a three-year suspension of part of the workers' wages, saving management €150 million. The billionaire Berggruen earned €7.5 million per year alone for the rights to the Karstadt name, which he purchased for a one-time payment of €5 million. Meanwhile, the company continued to make losses.

In 2014, Berggruen then sold Karstadt for the symbolic price of €1 to Rene Benko of Signa. The trade union and works councillors once again hailed the billionaire as the "white knight" who would finally rescue the old department store from its plight and lead it into an allegedly glorious future.

A similar process took place at Kaufhof. The union supported the 2015 sale by Metro to the Canadian billionaire Richard Baker, the owner of the Hudson's Bay

Company, and negotiated a deal to restructure the company. For her part, Nutzenberger was already advocating the sale of Kaufhof to Karstadt owner Benko in 2015. Verdi was eventually able to celebrate the merging of the two large department store chains in 2018.

At the time, a restructuring plan like the one now being implemented was being discussed among financial and business experts.

Verdi's role underscores once again that the trade unions stand on the side of corporate management and the shareholders, or in the case of Galeria Karstadt Kaufhof, on the side of the property-owning billionaire Rene Benko and his Signa Holding.

Verdi's position is not simply the product of the undoubted corruption of trade union leaders. The current situation makes clear that the defence of jobs requires a struggle against capitalist property relations and the capitalist system itself. This is possible only on the basis of a socialist perspective and an international strategy.

Companies in many sectors of industry, sales, and administration are exploiting the coronavirus pandemic to carry out long-planned and -prepared attacks on their workforces. The defence of jobs at Karstadt Kaufhof must be seen in this context.

The billions in state aid currently flowing to the major corporations and banks must be repaid and deployed to combat the pandemic and overcome its social consequences. The major corporations and banks must be expropriated and placed under workers' control. The same applies to the wealth of the super-rich. Only in this way can all of the available resources be used to meet urgent social needs.

To this end, workers must organise themselves independently of the trade unions. The Sozialistische Gleichheitspartei (SGP) and WSWS propose the formation of independent workplace committees to link up with workers in other sectors and organise joint action. The right to a job and wages for workers must be prioritised over the profits of the corporations and speculators.

To contact the WSWS and the  
Socialist Equality Party visit:

<http://www.wsws.org>