

*"Bling is over. Red-carpety-covered-with-rhinestones is out.
I call it 'the new modesty.'"*

— Karl Lagerfeld, the designer for Chanel

A return to values?

For the French, crisis in luxury is a lesson in morality

By Elaine Sciolino

PARIS

France is the birthplace of luxury fashion, and here the recession biting the world has the feel of a morality play.

As consumers everywhere have suddenly suppressed their appetite for luxury goods, what was once considered a recession-proof industry has been hit hard. High-end stores in the United States watched in horror as holiday sales tanked, while in Tokyo, Louis Vuitton canceled plans for what would have been its largest and most glittery store anywhere.

For the French, each wave of bad news has brought high anxiety.

When Chanel recently announced the layoff of 200 temporary employees — only slightly more than 1 percent of its 16,000-member work force — the daily newspaper *Le Parisien* called the news a bombshell. The television channel LCI described the decision as the most serious setback to the company since Coco Chanel fired her entire staff and closed up shop when war broke out in 1939.

But there is also, paradoxically, an underlying satisfaction here that an era of sometimes vulgar high living is over, and that a more bedrock French way of life will emerge. Only in hyper-intellectual France could a sharp economic downturn be widely lauded for posing a crisis in values.

A recent issue of *Le Figaro* magazine featured a 12-page guide to scaled-down living in 2009, with predictions that people will work less and put family (even in-laws) first. A French trend expert quoted in the magazine described the changes as nothing less than "a revolution in values."

Alain Némard, the chairman of Mauboussin, a jewelry company, noted that saving the luxury industry should be an important national priority because it employed 200,000 people in France, was part of French heritage, brought prestige to the country and seduced not just the "happy few" but a large swath of the public.

Rather than trying to keep the ma-

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chine running by pumping out high-priced handbags, watches and other goods, he proposed the unthinkable: the entire luxury industry should sharply cut prices.

"We need a return to reason, decency, discretion, beauty and creativity — in other words, to true values," Némard said. Mauboussin has led by example. It has sold its one-carat diamond solitaire "Chance of Love" ring for about \$14,500, a third less than its normal price, and its a lower-end 0.15-carat diamond ring was priced at \$895, Némard said.

Some French intellectuals want to go much further, calling for the death of the entire luxury industry as a sort of national ritual of purification.

"Since the ancient Greeks, luxury goods have always been stamped with the seal of immorality," said Gilles Lipovetsky, a sociologist who has written several books about consumerism. "They represent waste, the superficial, the inequality of wealth. They have no need to exist."

The political champion for the new economic morality is a recent convert — President Nicolas Sarkozy, formerly known as "President Bling Bling." Sarkozy came into office pledging to inject more Anglo-Saxon-style capitalism into France by getting the French to

"work more to earn more."

But last week in Paris, Sarkozy and the former Prime Minister of Britain, Tony Blair, were the hosts of a conference of Nobel-prize-winning economists and political leaders that wanted to find ways to instill moral values into the global economy. The old financial order had been "perverted" by "amoral" and uncontrolled capitalism, Sarkozy said, deploring the fact that, "the signs of wealth count more than wealth itself." He praised the "return of the state" as a regulator of capitalist excess.

Paradoxically, that sentiment may not be all that difficult for the French to accept. France's national identity may seem wrapped up tight in the aura of luxury — elegant dress, sophisticated perfume, good food and wine, and no shortage of Champagne for the flimsiest of celebrations.

But even though the French, more than most Europeans, appreciate the finest quality they can afford, they pride themselves on balance. France remains a deeply conservative country, one in which it traditionally has been unacceptable to show off material possessions.

Most French use debit cards, not credit cards, which means they tend not to spend more than they have in their bank accounts. Getting a mortgage is a torturous process.

And so, many see in the closing of an era of free and easy spending on luxury goods — when luxury became associated with flash and ostentation around the world — the potential for a restoration of the classic French virtues of restraint and modesty. Even a bit of suffering and sacrifice might be in order.

"This whole crisis is like a big spring housecleaning — both moral and physical," Karl Lagerfeld, the designer for Chanel, said during an interview. "There is no creative evolution if you don't have dramatic moments like this. Bling is over. Red-carpety-covered-with-rhinestones is out. I call it 'the new modesty.'"

Lagerfeld is quick to point out that his house is doing just fine, that the layoffs this month were blown out of proportion and that Chanel's Paris-Moscow haute couture show last month brought in 17 percent more in sales than his Paris-London show in 2007.

In keeping with the new national mood — and in deference to hard economic realities — the designer Nathalie Rykiel said that she would show the new Sonia Rykiel collection in March not with a grand theatrical spectacle for 1,500 people in a vast rented space, but with two small 200-guest minishows in her boutique on the Boulevard St. Germain.

"In the end it probably is not going to cost much less so this is not about the

money," she said over lunch at the Café de Flore. "It's a desire for intimacy, to go back to values. We need to return to a smaller scale, one that touches people. We will be saying, 'Come to my house. Look at and feel the clothes.'"

Certainly, retrenchment was felt over the holiday season in Paris, where caterers were hurt by cancellations of year-end cocktail parties. If there were parties at all, there was more duck mousse and a lot less foie gras.

Champagne, the global wholesale sales of which dropped in October by 16.5 percent from a year earlier, was served less at French tables; fizzy French wine without the official Champagne appellation was served more.

At La Grande Épicerie, the vast food hall in Le Bon Marché department store, French and Italian caviar sold as well as the much more pricey Russian variety; customers resisted the designer bûche de Noël cakes for €100, or around \$131.

"Luxury products that have savoir faire — rather than bling-bling — offered a sense of refuge," said Frédéric Verbrugge, the food hall's director general. "Sales of Dom Pérignon didn't suffer, but ostentatious packaging didn't move. In the past, customers would buy an entire block of foie gras; this year it was just five slices."

Many French executives take the long view that the economy will eventually rebound. Some vintners recall that the French nobility stopped buying Champagne during the country's revolution in 1789, requiring them to find markets abroad.

"We have been in business for 300 years," said Dominique Hériard Dubreuil, chairman of Rémy Cointreau, which produces Rémy-Martin cognac and Piper-Heidsieck Champagne. "We were hit by the phylloxera insect in the 19th century that destroyed our vines and our capacity to produce. We have faced two world

wars. I see the crisis as a challenging but constructive event."

And for Lagerfeld, cutting back his own spending at Chanel is not part of his "new modesty" strategy. He said he was not being required by the private company's owners to bend or adapt because of financial constraints.

"We have no budget, we do what we want and throwing money out the window brings money back in through the front door," he said. "The bottom line is that I don't deal with the bottom line. The luxury in my life is I never have to think about it."



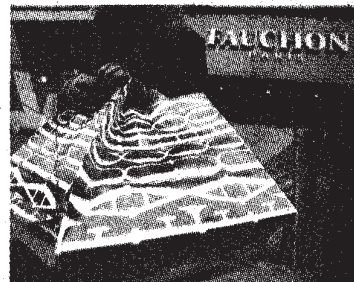
Ed Alcock for The New York Times

The Dior store on Avenue Montaigne in Paris.



Chanel

Karl Lagerfeld, above, at a special "Paris-Moscow" luxury Chanel collection in December. At right, the gourmet food store Fauchon. The French consumed less Champagne and caviar during the holidays.



Ed Alcock for The New York Times



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Some fashion houses like Sonia Rykiel, above, are planning smaller-scale shows.

