

A million millionaires spend millions on luxury products

The Reuters News Report
NEW YORK — These are expensive times for the very rich.

While the cost of living rose only four percent in the United States last year, the "cost of really living" jumped more than eight percent.

Demand for luxury items — mink coats, caviar, Concorde tickets, truffles and the like — is way up and so are prices.

"There's a much wider spectrum of folks who want to sample the haute cuisine, and that's driving prices up," said James Smith, a University of Michigan researcher who has made a career of studying the wealthy and the very wealthy.

"Don't shed too many tears too fast for the very rich."

"A lot of middle-class Americans, young urban professionals and the like, want to experience these delights," Smith, director of the university's Institute For Social Research, told Reuters.

A comparative price list of 13 luxury items, compiled by Moet and Chandon Champagne in New York, showed that the average cost rose by 8.2 percent in 1984 — more than twice the rate of increase in 1983.

"People who find themselves with more money these days are not willing to settle for second-class. Only top grade will do," said Christian Petrossian, whose firm specializes in caviar, smoked salmon and foie gras.

Petrossian, speaking with Reuters in a telephone interview from Paris, said that luxury-item sales are booming around the world, but nowhere as much as in the United States.

"Before, people were just buying the type of product. To them, salmon was salmon. Caviar was caviar. Now they want to know what kind of salmon it is,

who prepared it, how was it prepared," he said.

The Internal Revenue Service said that its latest estimates, taken every five years, show the number of U.S. millionaires has soared.

"In 1976 there were about 180,000 people with at least a million dollars in assets," said an IRS official. "The number increased to between 350,000 and 500,000 individuals in 1981.

"It's a lot higher now," he said. People worth at least \$300,000 number about 4.5 million now, up from about 1.9 million in 1976.

Moet and Chandon said mink coats now cost an average of \$12,650 compared to \$11,000 in 1983 — a 15 percent increase. It now costs \$25 for about an ounce of Petrossian Beluga

caviar, up 11 percent from 1983 when it cost \$22.50.

Maid service is now \$74 a day in New York, up 8.8 percent from 1983.

A men's Rolex Oyster Perpetual Day-Date watch with a President Bracelet band now costs \$3,350, or 11.3 percent more than in 1983.

And a round-trip ticket between New York and Paris aboard Air Concorde is now \$4,244, up from the 1983 price of \$4,120.

"But, really, the very rich don't spend much of their wealth on consumption of such things," Smith said. "When you can have four or five Rolls Royces, it's not a big deal to buy a tin of caviar."

"Don't shed too many tears too fast for the very rich," he said.



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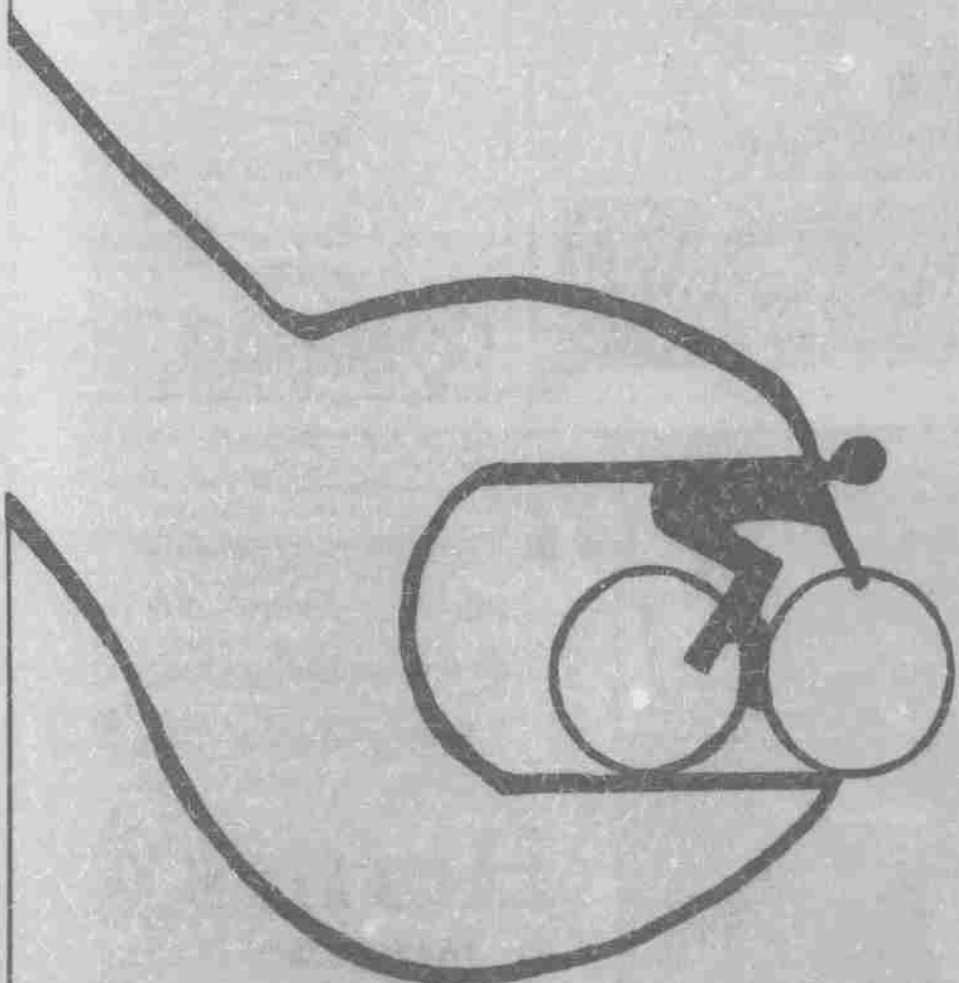
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