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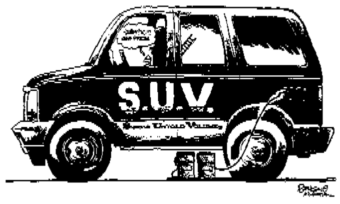
ON GUARD FOR 168 YEARS



LOCAL COMMENT

Last hurrah for SUVs?

By GERALD C. MEYERS

SUCCESS, it is said, has many parents. So count me among those who gave birth to the sport-utility vehicle. You know, that four-wheel-drive monster that half the nation loves and the other half hates for its aggressive, testosterone-loaded looks.

But these days, with fuel prices heading north, SUVs look doomed. Automakers deny the jitters but it's a safe bet they're fretting behind closed doors. All of their profits come from trucks and SUVs, and the bigger the better.

Detroit has a love affair with sport-utility vehicles. The irony is that any auto executive who had dared predict this 30 years ago would have been laughed out of town.

I know. I was there in the beginning, when American Motors Corp. bought Jeep from the Kaiser Jeep Corp. in 1970. Back then, the market was tiny — maybe 30,000 Jeep vehicles a year. They were badly neglected, their engineering outdated. They lacked consumer appeal, were clunky, ugly, uncomfortable and unrelentingly olive drab. But AMC Chairman Roy D. Chapin Jr. loved the Jeep vehicle he drove on Nantucket. He cut a deal with Edgar Kaiser, his duck hunting partner.

Jeep gradually grew into the company gold mine. It made so much more sense to earn $15,000 profit on a single mega-vehicle than to count the crumbs earned on subcompacts. In time other companies caught on.

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Sport-utes these days are spacious, comfortable and styled to please. They have become status symbols. They are perhaps this country's best example of conspicuous consumption. They're trendy. Some even have televisions.

But SUVs just got a little less fun. Crude oil prices have hit a 9-year high. Oil industry experts predict that motorists fueling up this summer will get soaked. But it's not the first time.

Think back to the Yom Kippur/Ramadan/October War in 1973, when oil-rich Middle Eastern countries cut off petroleum exports to Western nations friendly to Israel. U.S. supplies dwindled while oil companies and frightened investors sent prices soaring. Motorists stewed in gas lines that snaked around the block. Some stations rationed their supply, pumping only so much precious gas each day before posting a "no gas" sign.

If your memory needs more prodding, recall 1979, when the Shah of Iran was deposed during a revolution. Petroleum exports slowed to a trickle. Once more, filling your tank meant emptying your wallet. Prices ballooned again in 1990 when Iraq invaded Kuwait.

Each time, if only briefly, high oil prices and limited availability halted big cars in their tracks. Tree-huggers cheered, oil companies profiteered. Small cars gathered a righteous following. Drivers who insisted on clambering behind the wheel of a big vehicle were considered gluttons or dimwits.

Watch out, because it's about to happen again.

Our leaders in Washington protest that this oil squeeze is just a blip on the energy radar screen. They say OPEC representatives will approve an increase in crude oil production at a meeting today.

Auto industry analysts are also issuing assurances. Price hikes won't last, they say, and big car purchasing will remain outstanding. Car makers claim to see no end in sight.

But don't count on it. OPEC is unlikely to do anything substantial any time soon. Oil-rich Middle Eastern producers know full well that $34 a barrel will turn their oil flow into a cash gusher if they can just keep the cartel in line and other drillers uncertain about future pricing.

In truth, the United States — the world's most voracious oil consumer — may face extended pressures on oil prices. Before the 1973 embargo the U.S. imported about one-fourth of its oil. Today it imports about half. Prices could rise for everything from iceberg lettuce to airline tickets.

What will happen to SUV buyers? Auto manufacturers are not yet reporting diminishing sales of larger vehicles. They won't until they have to. Price incentives will buoy volume for a time but if oil prices remain rich, watch out. And what will sport-ute owners do? One of three things: drive less, drive less aggressively, or swap vehicles. An extra 75 cents a gallon times 40 or so gallons a week for the thirstiest of these overgrown cars comes to more than $1,500 a year.

If SUVs also become known as fuel-drinking, environmentally unfriendly vehicles, their owners will no longer be able to feel superior. Their status-symbol-on-wheels will lose some of its panache.

Why wouldn't stiff fuel prices make sport-utility vehicles an even heftier status symbol, particularly if you can afford to drive yours no matter the price? Because it looks dumb. Oil producers and oil companies are playing them for fools. They're taking them to the cleaners.

And that's never fashionable.

Ford is betting that the SUV craze will continue — it just bought the Land Rover line of SUVs for $8 billion. If gas prices stay high, however, the crazy days are numbered. I remember the defeated look in the eyes of Jeep owners during the 1973 oil embargo and again when the Shah of Iran left town. I remember the long gas lines of the mid 1970s. I remember the overnight explosion of Jeep vehicles parked in driveways in my town, "for sale" signs plastered to their windows.

I remember how I felt as a Jeep vehicle owner. I remember how I felt as the president of American Motors. Oil prices nearly killed my company back then. It could kill the spirits of auto buyers and producers once more.

If and when it does, SUV parents will grow scarce, and so will their behemoth children of the road.

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