Not Making It

WHEN THE MACHINE STOPPED: A Cautionary Tale from Industrial America
by Max Holland
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"The notion of an American economy devoid of manufacturing is a recipe for domestic impoverishment, social injustice, national insecurity, and global discord." Max Holland writes in this engrossing study of one American manufacturing enterprise and why it failed. The U.S. manufacturing sector has been in steady decline since the early 1960s, Holland notes, but he scorns the Reagan Administration's claim that the growth of the service sector in its place is a "natural" development. Instead, he details a series of more or less calculated decisions—and policies—that led to the collapse of his prototype company, Burgmaster Corporation. Founded (as Burg Tool) in the mid-1940s by a Czech immigrant, Burgmaster rose in two decades to become the largest builder of machine tools west of the Mississippi. Burgmaster thrived, Holland writes, "because the Burgs knew their business [and] cultivated a work force that was second to none in its productivity and dedication to quality." All that changed—drastically—when Burgmaster was acquired by a conglomerate and fell under the sway of "distant, managerial capitalism." Instead of consulting the workers, the absentee ownership manipulated them; instead of keeping pace with the market's demand for innovation, the corporate hierarchy rested on Burgmaster's past accomplishments. Holland does not overlook the role of Japanese competition in Burgmaster's fall, but his is no exercise in simplistic Japan-bashing; instead, he draws telling contrasts between farsighted Japanese strategies and shortsighted U.S. improvisations. And he notes that the Pentagon's procurement system and the distortions imposed by bloated military budgets were a significant factor in Burgmaster's death. The lessons are important, and are there for anyone who reads this valuable book.