"When the Machine Stopped" is the story of Burg Tool Manufacturing Co., later Burgmaster Corp., a Los Angeles maker of machine tools founded in 1944 by a Czech immigrant with an itch to bend metal. Fred Burg tumbled on an extremely bright idea -- why not put a rotating turret holding six or eight different tools on top of a drill press, just like a lathe?

By the mid-1960s, the market was changing. The Burg family, which ran the company, sold out to Buffalo-based Houdaille Industries. On paper, the merger looked great. But the West Coast firm soon lost its competitive edge, just as a Japanese competitor, Yamazaki Tool, began a determined bid for American customers. Stagnation followed in the 1970s, followed by a bid in 1979 to reinvigorate Houdaille by initiating one of the first management leveraged buyouts, designed -- it was said -- to make the company's bosses more responsive to the discipline of the market.

Denied protection under its novel complaint to the US trade representative -- it said that its own inattention to fundamentals over the years was the fault of the scheming Japanese, who had secretly subsidized an industry cartel -- Houdaille began stiffing suppliers, automatically marking down all invoices by 5 percent. Finally, in October 1985, Houdaille pulled the plug on what was left of the company. After 40 years, the enterprise that Burg had founded was out of business.

ECONOMIC PRINCIPALS / DAVID WARSH

There's something deeply satisfying about what magazine writers call "company stories." Corporations are the units in which much of economic evolution unfolds, after all; most of us work in or around one. Forbes, Fortune, BusinessWeek, Barron's, Inc. Magazine, Financial World and OTC Review: all thrive by chronicling the ups and downs of collectivities on which you depend for some vital product.

But the conventions of magazine journalism are one thing; scholarly histories of enterprises that are clearly great (in retrospect) are another.

In between, there is not much room for accounts that chronicle the life histories of firms in real time and in satisfying detail in order to illuminate the landscape of our working lives -- though occasionally, some outsider will wander on to the scene, usually to be utterly buffalosed by the corporate bosses who flatter him with access, as when an Esquire contributing editor pronounced Sears, Roebuck, to be in glowing good health a couple of years ago in "The Big Store."

An exception is "When the Machine Stopped: A Cautionary Tale from Industrial America," by Max Holland (Harvard Business Review Press). It is a strangely gripping narrative of the war history of a small but distinguished West Coast machine tool company that made the headlines, briefly, in 1983, when its conglomerate owners accused the Japanese of conspiring to do it in.

Similar companies all over New England were meeting with similar fates during those years, and Holland has produced an account that will be recognizable to anyone connected with an industry that was once among
America's very strongest.

Says no less a figure than Alfred Chandler, dean of American business historians: "I found this book hard to put down. It is one of the most important and well-written sagas of an American industrial enterprise that I have read for a long time. . . . It includes almost every aspect of the opportunities and challenges facing, and the inadequacies of, American industry since 1945."

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He tried without success to sell it to the best corporations in the business. So with some $5,000 in his sister's money and a lot of dedication, Burg formed an enterprise that by the 1950s was growing smoothly, generating its own capital, branching out aggressively into promising new technologies on the strength of its own tough-minded research and development work. It sent some of the first numerically-controlled (that is, computer-compatible) tools into the field in the mid-1950s.

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It was too late. Crippled by rising interest bills and battered by the soaring dollar, Burg's tool business crumbled, while Houdaille turned to Washington for protection against what had become a flood tide of Japanese imports.

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Holland's book makes fascinating reading because of its utter fidelity to significant detail. This is, in part, the result of a deeply personal commitment: the writer's father worked for Burg for 29 years.

The larger conclusions of his study, confined to an epilogue, are not so persuasive. They represent the fairly standard diagnosis of the American malady by the analytical left: What killed Burg was a case of managerialism, followed by an overdose of greed; military Keynesianism robbed the little company of vitality while permitting bigger firms to overfeed. (Why did this same military Keynesianism cause the firm to flourish for its first 15 years?)

But these convictions -- they may in good part be quite valid, but they have in no sense been proved, or even very closely argued -- in no way mar Max Holland's story. The story of Burg Tool Manufacturing Co. is an obituary that almost anyone who is interested in business can read with real pleasure.

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