Providence College

DigitalCommons@Providence

History & Classics Undergraduate Theses

History & Classics

Spring 2021

Reagan's State of Grace: J. Peter Grace and the Effort to Cut Government Expense at the Public's Expense

Kevin Michels

Providence College

Follow this and additional works at: https://digitalcommons.providence.edu/history_undergrad_theses

Part of the Political History Commons, and the United States History Commons

Michels, Kevin, "Reagan's State of Grace: J. Peter Grace and the Effort to Cut Government Expense at the Public's Expense" (2021). *History & Classics Undergraduate Theses*. 45.
https://digitalcommons.providence.edu/history_undergrad_theses/45

This Thesis is brought to you for free and open access by the History & Classics at DigitalCommons@Providence. It has been accepted for inclusion in History & Classics Undergraduate Theses by an authorized administrator of DigitalCommons@Providence. For more information, please contact dps@providence.edu.

Reagan's State of Grace:
J. Peter Grace and the Effort to Cut Government Expense at the Public's Expense

by
Kevin Michels
HIS 490 History Honors Thesis

Department of History
Providence College
Spring 2021

DEDICATION

To my family and friends,

Dr. Sharon Murphy and Dr. Osama Siddiqui,

and to the Providence College Department of History and Classics.

You are all my saving grace.

CONTENTS

INTRODUCTION

"The field of administration is a field of business," Woodrow Wilson asserted in his 1887 paper entitled "The Study of Administration," originating the concept of public administration. Written while he was a professor at Bryn Mawr College, this groundbreaking paper initiated the push for efficiency in government. The discipline of public administration, which emerged from this idea, applied scientific business management techniques to governmental management in order "to rescue executive methods from the confusion and costliness of empirical experiment and set them upon foundations laid deep in stable principle."[1] Wilson identified waste and inefficiency in government as challenges that could be solved with proper management, saying, "Waste is also weakness. Inefficiency brings confusion." His goal in establishing these principled methods of government management was to ensure that government expenditures were wholly spent on "something done or provided for the people."[2] If not spent on the people, the money was wasted.

Ninety-five years later, President Ronald Reagan took the idea of government efficiency even further when he set up a cost control commission headed by a private businessman. Speaking to the Los Angeles County Board of Supervisors, Reagan excitedly remarked, "I have just met with J. Peter Grace, who will be the new Chairman of the Private Sector Survey on Cost Control in the Federal Government. Mr. Grace is an outstanding businessman…and he promised

[1] Woodrow Wilson, "The Study of Administration," *Political Science Quarterly* 2, no. 2 (1887): 209.

[2] Woodrow Wilson, "The New Meaning of Government," *Woman's Home Companion*, November 1912.

me that he and his new team will work like tireless bloodhounds, leaving no stone unturned in their search to root out inefficiency and waste of taxpayer dollars."[3] If government efficiency was the goal of public administration, then—in Reagan's opinion—the most qualified person to achieve that goal was a successful businessman.

J. Peter Grace, the charismatic yet controversial CEO of W.R. Grace & Co., led a storied career at the helm of the international corporation bearing his family name. Grace's leadership at one of America's largest corporations made him the prime candidate to lead Reagan's new cost control commission in 1982. Yet, this political power also came at a most opportune time for Grace, whose firm faced several investigations by the Environmental Protection Agency (EPA) and other government regulators. His almost forty-year private sector tenure involved numerous environmental and consumer disasters; the thirty-nine EPA Superfund Sites for pollutant cleanup in twenty-one states attributed to W.R. Grace & Co. during the second half of the twentieth century reflected this destructive public health record.[4] These included W.R. Grace's chemical pollution of the Woburn, Massachusetts, water supply, upon which a 1995 book and the 1998 Oscar-nominated movie starring John Travolta, *A Civil Action*, were based. At an additional cost to the public's safety, W.R. Grace & Co. manufactured the wildly profitable Zonolite insulation from 1963 through the 1980s. This carcinogenic, asbestos-laden product constituted one of the most notable consumer and environmental scandals in United States history, and there is proof of J. Peter Grace's early awareness of Zonolite's danger and his complicity in the decades-long

[3] Ronald Reagan, "Remarks at the Los Angeles County, California, Board of Supervisors' Town Meeting," Speech presented at Dorothy Chandler Pavilion Auditorium, Los Angeles, CA, March 3, 1982, The American Presidency Project.

[4] United States Environmental Protection Agency, "Case Summary: EPA Receives over $54 Million from W.R. Grace Bankruptcy," epa.gov.

coverup. As the EPA and other government regulators began deeper investigations into the health implications of the manufacture and widespread use of Zonolite, J. Peter Grace, through his involvement with Reagan's cost cutting commission, had the opportunity to weaken their regulatory power to save his company, his shareholders, and himself.

In the early 1980s, the combination of Reagan's neoliberal and federalist public sector policies and the private sector's budding model of shareholder value capitalism resulted in his attempt to make the government run like a business, which he implemented through the President's Private Sector Survey for Cost Control in the Federal Government—an advisory committee of business volunteers more popularly known as the Grace Commission. Drawing on Wilson's idea of public administration, Reagan stated to members of his administration, "I'm determined that, when this administration leaves the stage, the American people will have a Federal Government that operates in a businesslike manner. Now, that means providing high-quality, essential public services as efficiently as possible."[5] President Reagan's Executive Order 12369, which established the Grace Commission, envisioned the commission's reports to be informed by private sector managerial excellence in order to identify wasteful inefficiencies in government agencies. Instead, the thousands of pages of the resulting Grace Commission reports were a conglomeration of suggestions for management improvements polluted with partisan deregulatory policy recommendations and private sector conflicts of interest. A number of such recommendations furthered the Reagan agenda to weaken the regulatory framework of consumer and environmental protection agencies, notably the EPA—one of several regulatory watchdogs concurrently investigating J. Peter Grace's own W.R. Grace & Co. for its numerous deadly chemical disasters.

[5] Ronald Reagan, "Remarks at a White House Briefing for Administration Officials on Federal Management Reform," Speech presented at East Room at the White House, August 2, 1983, The American Presidency Project.

These aspects of the Grace Commission reports show that Reagan's agenda of "running the government like a business" was much more than simply implementing Wilson's management efficiency principles; rather, it was an effort by both Reagan and Grace to advance private sector interests in government. More broadly, these reports point to the inherent contradictions of reconciling the citizen-oriented functions of government with the shareholder-oriented functions of the private sector.

The Origins of Big Government

Reagan's domestic agenda was largely a reaction to the expansion of active federal government intervention in American life. When President Franklin D. Roosevelt pioneered the 1930s New Deal legislation and domestic programs to address the numerous problems that the Great Depression exposed in the U.S. economy and society, he ushered in a more active role for government based on Keynesian economic theory. Keynesians sought to stabilize the economy by balancing the cyclical economic booms (economic expansion) and busts (economic recession) known as the business cycle with countercyclical fiscal policies in the form of direct government intervention.[6] Along with the newly prominent support for government activism to alleviate economic recession came the attitude that the government had a duty to care for its citizens. Support for government aid rose in the public imagination and, thus, in many politicians' legislative agendas. While left-wing New Deal supporters favored the programs' numerous benefits to American livelihood, right-wing adversaries found that these programs were costly and that they increased the role of government beyond what they believed it should be.

---

[6] Sarwat Jahan, Ahmed Saber Mahmud, and Chris Papageorgiou, "What Is Keynesian Economics?" *IMF Finance and Development*, September 2014.

President Lyndon B. Johnson spearheaded the 1960s Great Society legislation in a similar fashion to the New Deal. With an even sharper focus on social prosperity, Johnson implemented major government programs such as Medicaid, Medicare, and a collection of initiatives known as the War on Poverty, as well as embracing a more active federal role in the promotion of social justice through legislation such as the Civil Rights Act and Voting Rights Act. During a period of economic growth and prosperity, these sets of domestic policies indicated a broader role for government intervention beyond just recession avoidance, inflation control, and unemployment reduction towards facilitating domestic social reform.

In a nonpartisan attempt to utilize government resources for the common good of U.S. citizens, President Richard Nixon established the Environmental Protection Agency in 1970 as a response to growing public concern on the environment. The environmental movement began to materialize in the early 1960s, as an ideological understanding of pollution took shape and people began to experience the effects of environmental decline firsthand. Rachel Carson's *Silent Spring* (1962) was amongst the first books to bring widespread public attention to the hidden dangers of synthetic pesticides and pollution, proposing that environmental degradation would surely reverberate back upon humanity, causing mutual destruction.[7] She outlined a world where nature and civilization ceased to coexist harmoniously due to environmentally unsafe practices. This narrative promoted general public support for the growing environmental movements in the United States. Similarly, the 1968 photographs of the Earthrise from space taken by the Apollo 8 astronauts provided beautiful imagery of a blue and green Earth worth saving.[8] By the 1970s, this planet appeared under direct threat; the world Carson warned about began to appear, as

[7] Rachel Carson, *Silent Spring*, 50th ed. Boston, MA: Mariner Books/Houghton Mifflin, 2012.

[8] United States Environmental Protection Agency, "The Origins of EPA," EPA History.

urbanization and population growth manifested itself in smog, water supply contamination, and burning rivers. Extreme events such as these spurred an environmental movement to protect natural resources and improve the quality of air and water.[9] The first Earth Day was celebrated in 1970 as a bipartisan embrace of these environmental concerns.

Nixon responded to the environmental movement by appointing William Ruckelshaus as EPA administrator on December 4, 1970 and by organizing the EPA to consolidate the growing number of governmental responsibilities associated with environmental research, protection, and law enforcement. The new, bipartisan EPA was to conduct environmental research, establish quantitative environmental baselines for pollutant emittance, and enforce air and water quality standards.[10] The quality standards laws took the form of the Clean Air Act of 1970, the Clean Water Act of 1972, the Safe Drinking Water Act of 1974, and the Toxic Substances Control Act of 1976 amongst other protective federal legislation, and the EPA was to regulate corporations and other institutions to ensure they were in compliance with these acts. The EPA was therefore a fledgling government regulator for environmental practices and a component of an increasingly interventionist big government.

Reaganism as a Response to Big Government

The Grace Commission was a component within the larger scheme of bringing about the Reagan Revolution, an ideological movement in favor of free markets, deregulation, and decreased taxes that Reagan embodied and championed as U.S. President. While government activism to reduce the amplitude of the business cycle booms and busts had been controversial from the time

---

[9] United States Environmental Protection Agency, "The Origins of EPA."

[10] United States Environmental Protection Agency, "The Origins of EPA."

of the New Deal, proponents could defend this form of deficit spending as yielding a stronger economy and avoiding the economic losses of recession. However, deficit spending on social and environmental programs, which right wing opposition would see as a complete waste of taxpayer contributions and overreach of government power, proved even more contentious in the political sphere. Reaganites instead advocated for unregulated, laissez-faire markets that they believed would efficiently allocate goods to solve social problems—a key component of neoliberal ideology. Economic geographer David Harvey defined neoliberalism as "a theory of political economic practices proposing that human well-being can best be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, unencumbered markets, and free trade."[11] Under a neoliberal ideology, markets act as self-correcting mechanisms to optimize and fulfill market needs efficiently. Therefore, in theory, governmental interference in the market in an attempt to create an efficient distribution of capital resources was inefficient in and of itself. Within the framework of neoliberalism, government's role was solely to ensure that fundamental entrepreneurial freedoms were preserved.[12] This theory of self-correction and non-intervention translated directly to Reagan's policies of deregulation.

In response to the burgeoning regulatory role of government, Reagan's neoliberal leanings influenced his efforts to reduce "big government" through deregulatory policies. As a modern federalist, or a supporter of a decentralized federal government in favor of states' rights, Reagan ideologically opposed federal government regulations and regulatory bodies. He saw regulatory activity—even when this action was aimed for the public good—as a federal imposition into

[11] David Harvey, "Neoliberalism as Creative Destruction," The Annals of the American Academy of Political and Social Science 610 (2007): 22.

[12] Harvey, "Neoliberalism as Creative Destruction," 22.

lawmaking territory it did not possess per the U.S. Constitution. According to Reagan, "federal regulation grew from a neighborhood pest into a nationwide monster."[13] Reagan's supporters were drawn to this vision of free market capitalism and the fruits it bore—at least for some. On the other hand, for critics of Reagan's deregulatory, small government advocacy, the fruits of an unfettered, unregulated market were unattainable for many, including those of a low socioeconomic standing who needed government welfare programs for survival, as well as consumers, laborers, and environmentalists who benefited from centralized oversight and protection measures.

Seeking to deregulate and pare down big government, Reagan had the difficult task of convincing Americans that decreasing government provisions for the public good could be beneficial to them. This was a critical weakness in deregulatory policy. In order to garner support for the Reagan Revolution from constituents who had grown accustomed to Lyndon B. Johnson's Great Society provisions, and from the politicians representing those constituents, the agenda of the Reagan Revolution shifted the public's focus to taxation. Reagan ideologically sought to deregulate and strip down the federal bureaucracy in order confront big government, but in order to gain popular support for this agenda, he focused his rhetoric on opportunities to lower taxes, which was a more appealing prospect to U.S. citizens. However, a consequence of lowering taxes was the need to decrease expenses in order to maintain a balanced budget and avoid deficits. This necessity to lower government expenditures brought Woodrow Wilson's ideas of utilizing business management principles to cut costly waste and inefficiency from the government to the forefront of Reagan's political rhetoric. Reagan manifested Wilson's concept of public administration through the private sector-led Grace Commission, which would focus its advice to cut waste and

[13] Reagan, "Remarks at the Los Angeles County, California, Board of Supervisors' Town Meeting."

inefficiency on an area of government that both Reagan and corporate America despised—regulation.

The Grace Commission was one of many components of Reagan's multilateral approach to realizing his agenda of reducing the size of government through management reform and government waste control. In 1981, prior to creating the Grace Commission, Reagan tasked newly hired inspectors general with finding fraud and waste in government to minimize government expenditures. J. Peter Grace recounted in his book *Burning Money:* "Early on, the President hired some new Inspectors General to seek out waste. Their efforts simply highlighted how massive the problem of waste in government was."[14] Reagan desired more than an identification of opportunities for cutting government waste; he wanted a plan of action to yield results.

Beyond hiring inspectors general to find waste, Reagan created the President's Council on Integrity and Efficiency in March 1981 and the Cabinet Council on Management and Administration in September 1982. The bodies aligned the leadership efforts of various government agencies and departmental leadership in a mission to control costs and increase efficiency in the federal government. The President's Council on Integrity and Efficiency included the deputy director of the Office of Management and Budget, who would be the council chairman, along with the deputy attorney general, a number of inspectors general for different government departments, and several representatives from other agencies.[15] The Cabinet Council on Management and Administration was composed of the Presidential Cabinet members and had the role of helping to implement the Grace Commission recommendations. The Cabinet Council also supervised "Reform 88," which was a program to improve the federal government's management

---

[14] J. Peter Grace, *Burning Money: The Waste of Your Tax Dollars*, New York, NY: Macmillan, 1984.

[15] Exec. Order No. 12301, 46 Fed. Reg. 19211 (Mar. 30, 1981).

and administrative practices by 1988.[16] Amongst all of these programs and committees, the Grace Commission was unique due to its use of businessmen who brought in private sector expertise in an effort to make the government run as efficiently as a business.

Ronald Reagan's ideological basis in neoliberalism and the difficulties with cutting out programs to which the citizenry had grown accustomed prompted him to change the narrative on government expenditures, focusing on the rooting out of wasteful and inefficient government agencies and programs as a means by which to lower taxes. In doing so, Reagan created a private sector survey for cost control that placed the responsibility of identifying such waste and inefficiencies under the purview of J. Peter Grace and the private sector—a group of corporate businessmen who shared Reagan's deregulatory ideology yet were accountable to their own shareholders rather than to the American public. This inherent discrepancy in stakeholders proved dangerous when J. Peter Grace used his position in government to advance his personal agenda and that of W.R. Grace & Co.'s shareholders at the expense of U.S. citizens who expected consumer and environmental protection from the EPA.

J. Peter Grace and the Grace Commission, thus, offer a unique and compelling case study of the societal dangers that arise when experimenting with running the government like a business. Chapter 1 delves into J. Peter Grace's past as an environmentally reckless businessman at W.R. Grace & Co. whose government work followed the economic interests of his corporation. Chapter 2 engages with Reagan's executive order that created the Grace Commission, contextualizing this private sector survey to identify government waste and inefficiency amidst other public administration efforts, and identifying the significance of private sector involvement in

[16] "Announcement of the Establishment and Membership of the Cabinet Council on Management and Administration," News release, September 22, 1982.

government. Chapter 3 investigates the conflicts of interest surrounding the EPA task force and the deregulatory recommendations they offered, exemplifying the challenges of bringing private sector expertise into the public sphere without simultaneously empowering corporate interests over the public interest. Ultimately, this case study of Reagan's deregulatory commission led by J. Peter Grace interrogates neoliberalism's marketization of public life and questions the extent to which a corporate-conceived model of government efficiency can be achieved without bastardizing the public good.

CHAPTER 1

J. PETER GRACE: BUSINESSMAN & PUBLIC SERVANT

Grace's Corporate Presence

Born by the grace of God,
Dying by the gods of Grace.
-Libby Resident Gary Swenson[17]

If you have ever ventured into the attic of your home amongst the boxes of family heirlooms and baby toys and found it blanketed with a pebbly, puffed, gray-brown substance, you have likely encountered vermiculite attic insulation. This material is flaky in its natural mineral form, yet when heated, it expands to 8-30 times its original size, serving as a fireproof, lightweight material ideal for construction products, especially residential insulation.[18] In the 1920s, Libby, Montana resident Edward Alley was one of the first to take advantage of the unique properties of vermiculite, utilizing a literally mountain-sized reserve of this mineral seven miles away from the town of Libby. Alley found that he could commercialize this product which he named Zonolite,

---

[17] Andrea Peacock and Jeff Bridges, *Wasting Libby: The True Story of How the WR Grace Corporation Left a Montana Town to Die (and Got Away with It)*, Petrolia, CA: CounterPunch, 2010.

[18] United States Environmental Protection Agency, "Protect Your Family from Asbestos-Contaminated Vermiculite Insulation," EPA.gov.

Figure 1 - Zonolite Advertisement featuring Bing Crosby

Source: The Sandusky Register (Sandusky, OH). Advertisement. October 3, 1956. Accessed March 29, 2021. https://www.newspapers.com/image/4650288.

and in 1927 he incorporated the Zonolite Company. The Libby vermiculite reserves located under Vermiculite Mountain provided more than enough vermiculite ore to create a global Zonolite market.[19] In fact, the small Montana town's 4,200 foot tall Vermiculite Mountain was one of the world's largest known deposits of the mineral, and product from this site would constitute over 70 percent of the vermiculite sold in the U.S. between 1919 and 1990.[20] By 1941, annual global sales had reached over $4 million, doubling the prior years' sales figures.[21] Zonolite and other vermiculite products from Libby were making a killing.

Unfortunately, the "killing" pertained to more than Zonolite's sales figures. Vermiculite was not the only mineral that Zonolite was extracting in Libby; the dust in the mine was contaminated with high levels of tremolite asbestos, a fiber of asbestos that had deadly effects on the human body upon inhalation. Exposure to tremolite asbestos and inhalation of asbestos dust caused diseases such as asbestosis, pleural effusion, lung cancer, and mesothelioma.[22]

---

[19] Peacock and Bridges, *Wasting Libby*, 33-34.

[20] United States Environmental Protection Agency, "Protect Your Family from Asbestos-Contaminated Vermiculite Insulation."

[21] Peacock and Bridges, *Wasting Libby*, 38.

[22] United States Department of Health & Human Services, "Asbestos-Related Lung Diseases," National Heart, Lung, and Blood Institute.

As early as 1930, medical research cited the dangers of asbestos, with British researchers reporting to Parliament that "with continued inhalation of the causative dust, by its invasion of new territory and consolidation of that already occupied, it gradually, and literally, strangles the essential tissues of the lungs."[23] These British researchers further recommended that workers be informed of the risks regarding asbestos dust in order to take personal measures to protect themselves. In 1933, Dr. Philip Ellman, a tuberculosis specialist, wrote in the *Journal of Industrial Hygiene* that "[p]ulmonary asbestosis, once established, is a progressive disease with a bad prognosis; its treatment can only be symptomatic."[24] This meant that asbestos-related diseases were incurable. Those exposed to asbestos could not reduce the damage that had already been done through medical means; they could only treat their resulting symptoms. Further, Dr. John Hawes' 1937 asbestos research in the *New England Journal of Medicine* concluded that asbestos dust exposure and inhalation was highly dangerous and could create "total and permanent disability in a remarkably short time."[25] In 1938, U.S. Surgeon General Waldemar defined a maximum allowable concentration of asbestos dust at 5 million particles per cubic foot, whereas the Libby miners were exposed to asbestos dust particle counts over 15 times this amount by 1963.[26] The medical dangers associated with asbestos exposure were thus publicly-known early on in the life of Zonolite.

In April of 1963, W.R. Grace & Co. purchased Alley's Zonolite Company and its Libby vermiculite ore mine in a stock-for-stock merger transaction with four Zonolite stock shares

---

[23] Peacock and Bridges, *Wasting Libby*, 105.

[24] Peacock and Bridges, *Wasting Libby*, 106.

[25] Andrew Schneider and David McCumber, *An Air That Kills: How the Asbestos Poisoning of Libby, Montana Uncovered a National Scandal*, New York: G.P. Putnam's Sons, 2004, 92.

[26] Peacock and Bridges, *Wasting Libby*, 82.

trading for one share of Grace stock. The Zonolite acquisition was a part of J. Peter Grace's efforts to shift W.R. Grace away from South American shipping and transportation primarily to chemicals—a decision made upon consultation with Otto Ambros, a Nazi war criminal and chemist under Hitler's regime. After serving his Nuremberg Trials sentence for his conviction on 25,000 counts of slavery and mass murder, Ambros became an advisor to W.R. Grace, as well as to Dow Chemical and the U.S. Army Chemical Corps as part of Operation Paperclip—a program geared to bring Nazi scientists and engineers into U.S. corporations.[27] As shocking as this seems that the American government engaged the help of Nazi scientists, the U.S. sought all available talent in science, engineering, and technology to combat the Soviet Union in Cold War initiatives. As an expert in the field, albeit one with abhorrent ethics, Ambros suggested to Grace that "If you want to spend some money, get into the chemical business."[28]

W.R. Grace & Co.'s foray into the chemical business was particularly dangerous in Libby. There were three parties exposed to Zonolite's asbestos-laden dust and subject to its multitudinous health risks: employees working at the Vermiculite Mountain mine in Libby; Libby residents living near the mining site; and global consumers of any Zonolite products. Dust was a constant bother in the Zonolite employees' daily work, as they mined (and breathed), processed (and breathed), and packaged (and breathed) dry, dusty vermiculite ore. An October 1955 obituary in *The Daily Inter Lake* of Kalispell, Montana described Libby resident Robert L. Field who died from lung cancer after working for Zonolite Company for three years. While there is no way to know if

---

[27] "Ambros, Otto / W.R. Grace and Company," In *Ronald Reagan Presidential Library & Museum*.

Schneider and McCumber, *An Air That Kills*, 140.

Ambros orchestrated German chemical company IG Farben's synthetic-rubber-and-fuel factory for the Auschwitz III-Monowitz concentration camp. In his role as director at IG Farben, Ambros helped create the nerve agents sarin and tabun to be used in the concentration camps.

[28] Peacock and Bridges, *Wasting Libby*, 59.

Field's cancer was directly related to his work environment, this was the type of illness that investigators and health professionals would later associate with exposure to Vermiculite Mountain's dust.[29] Notably, few workers at the time seemed to be making the connection between their illnesses and exposure to vermiculite.

Employees were not the only victims. Asbestos was everywhere in Libby, as it dispersed through the air from the mines into the surrounding town. With inadequate shower facilities (there was only one), workers were often unable to rinse off and brought home the carcinogenic dust to their families.[30] Around 1980, a Zonolite mine manager donated Vermiculite Mountain mining waste to build a local high school's track. Soon after hearing that the track was paved with vermiculite waste, scientists went for a run on this track with air samplers and found that they kicked up dangerous amounts of asbestos fibers, indicating that Libby high school students were doing the same.[31]

With fifteen to thirty-five million buildings nationwide using insulation from Libby, notably including the World Trade Center buildings, this dust made its way outside of Libby, posing a devastating threat to countless unknowing American citizens.[32] Andrij Holian, an asbestos researcher for the National Institutes of Health, stated that asbestos posed a danger to individual users of the many consumer products containing vermiculite, including gardening and insulation materials.[33] While Libby was ground zero for the vermiculite health hazard, W.R. Grace shipped this dangerous product around the globe.

---

[29] *The Daily Inter Lake* (Kalispell, MT), "Robert L. Field," October 4, 1955, Obituaries, 11.

[30] Peacock and Bridges, *Wasting Libby*, 92.

[31] Peacock and Bridges, *Wasting Libby*, 91-92.

[32] Peacock and Bridges, *Wasting Libby*, 159.

[33] Peacock and Bridges, *Wasting Libby*, 125.

Even as W.R. Grace & Co. dispersed its Zonolite around the world and reaped its financial benefits, it was fully aware of the dangers its vermiculite product posed. A 1965 Grace memo indicated that air monitoring conducted by W.R. Grace detected airborne asbestos in downtown Libby and by 1969 W.R. Grace testing indicated that the dry mill for the plant released 24,000 pounds of dust—with a 20 percent asbestos composition—into the air daily.[34] Mine manager Earl Lovick's 1969 "Confidential Study of Zonolite/Libby Employees" presented staggering figures indicative of the deadly nature of extracting the vermiculite ore for W.R. Grace's Zonolite product: "although 17 percent of our 1 to 5 years' service group have or are suspect of lung disease, there is a marked rise (45 percent) beginning with the 11th year of service, climbing to 92 percent in the 21 to 25 years' service group. This suggests that chances of getting lung disease increase as years of exposure increase."[35] Despite the findings of this study, W.R. Grace did not inform its employees that their employment in the Libby Zonolite mines brought deadly disease with it.

W.R. Grace hid further research evidence on the dangers of Libby's vermiculite in 1976 when they asked William Smith, a researcher at New Jersey's Fairleigh Dickinson University, to study the health effects of fibrous tremolite asbestos from Libby. Smith had published research in 1973 about the health effects of non-fibrous tremolite talc on mice, and this research concluded that tremolite talc did not cause cancer or fibrosis.[36] These results gained the attention of W.R. Grace, who hoped for similar positive results on the health effects of fibrous tremolite asbestos exposure. In order to safeguard against negative findings, their request came with Smith's concession that "all results of our tremolite study will be reported solely to W.R. Grace & Co. and

---

[34] Schneider and McCumber, *An Air That Kills*, 92-3.

[35] Schneider and McCumber, *An Air That Kills*, 93.

[36] Peacock and Bridges, *Wasting Libby*, 116.

any publication of the findings will be made only by mutual agreement."[37] Smith conducted the study with tremolite samples from Libby in addition to samples provided by Johns-Manville Corporation and the R.T. Vanderbilt Company. Due to this non-disclosure agreement, when Smith presented his findings to the Society for Occupational and Environmental Health in 1977, he reported fibrosis and tumors in the mice exposed to tremolite from Johns-Manville Corporation and the R.T. Vanderbilt Company, but left out W.R. Grace & Co. The mice exposed to W.R. Grace's sample had extensive fibrosis and many developed mesothelioma, a rare and deadly cancer, yet due to W.R. Grace's efforts to maintain secrecy around their product's dangers, Smith's results were not published or revealed to government agencies for decades. Despite this knowledge of the dangers, W.R. Grace & Co. did little to save lives as they continued to market and sell their Zonolite—by then scientifically proven to kill—and put this product into buildings around the world for monetary gain and shareholder value creation.

Zonolite was one of many businesses comprising the titanic W.R. Grace & Co., yet J. Peter Grace as CEO could not claim he was unaware of the criminal activity going on in this product division. Internal memos at W.R. Grace revealed that management and executives, including J. Peter Grace himself, were quite aware of the hazards of Zonolite products to consumers and the dangers of Zonolite production to their employees and Libby, Montana community members. The head of W.R. Grace's construction products division R.M. Vining directly told J. Peter Grace in a 1969 memo that "vermiculite ore from Libby contains tremolite asbestos. This material is difficult to separate from the vermiculite at the mill and is usually part of the rock remaining in the concentrate when shipped."[38] Vining further clarified his knowledge on the tremolite, stating that

[37] Peacock and Bridges, *Wasting Libby*, 116.

[38] Schneider and McCumber, *An Air That Kills*, 93.

this material present in their vermiculite insulation product (Zonolite) "is definitely a health hazard."[39] This specific memo, which exposed J. Peter Grace's understanding of the lethal risks his company's product posed to both workers and consumers, implicated him as complicit in the company cover-up. Grace kept Zonolite's deadliness a secret from W.R. Grace employees, the Libby community, and customers as his corporation earned vast sums from the popular product. The company reported record profits in 1982, the same year that President Reagan asked Grace to lead the Grace Commission.[40]

A Failure of Government Regulation

While corporate self-governance at W. R. Grace was potentially criminal, government regulatory oversight of the mine and its product also failed to protect the public for decades. Government intervention in Libby's Zonolite asbestos began around 1944, when a state inspector advised that Zonolite workers wear respirators for what he termed the "nuisance dust," given its low levels of silica.[41] By 1956, state health inspector Ben Wake began regularly filing confidential reports concerning Zonolite's asbestos problem as he advised W.R. Grace on measures to curtail dust exposure in the workplace. By Montana state law, he was only required to share the findings with the corporation itself. Wake thus marked the reports confidential and the public remained unaware. Wake later lamented that the weak workplace safety laws in place limited his ability to enforce compliance with the laws, and the lack of both transparency and law enforcement yielded

---

[39] Schneider and McCumber, *An Air That Kills*, 93.

[40] Peacock and Bridges, *Wasting Libby*, 92.

[41] Peacock and Bridges, *Wasting Libby*, 81.

little further investigation into the public health risks associated with W.R. Grace's Zonolite manufacturing.[42]

It was not until 1978 when the first real threat to W.R. Grace's vermiculite business came. Employees of O.M. Scott and Sons, a corporation specializing in lawn and garden chemicals, developed bloody pleural effusions—or fluid buildup indicative of lung damage—on the job.[43] Scientists from the University of Cincinnati traced these cases to asbestos exposure and found sacks of Libby's vermiculite where these employees worked. The vermiculite was a component of one of Scotts' products, and scientists, health professionals, and federal agencies began to make connections between W.R. Grace, Libby's vermiculite, tremolite asbestos, and the deadly lung illnesses of exposed workers. Scotts notified the EPA of this Toxic Substances Control Act violation, and the EPA began investigations into Libby's vermiculite ore soon after.[44]

Fearing that public exposure to asbestos in Libby's vermiculite could be widespread, the EPA assessed in June 1980 that "the extent of the exposure from vermiculite derived from the Libby mine is likely to be large, considering that this source accounts for approximately 80% of the vermiculite used in the US."[45] They coordinated a two phase plan to collect and analyze vermiculite ore from Libby and other U.S. vermiculite mines, and then analyze samples from vermiculite exfoliation plants, where the vermiculite ore was processed into consumer products. They dispatched a team to Libby in October 1980 to carry out the first phase, yet EPA involvement suddenly ceased soon after. The 1982 EPA report explaining the study's sudden termination

[42] Peacock and Bridges, *Wasting Libby*, 140.

[43] O.M. Scott and Sons is now The Scotts Company, manufacturer of Lawn Care and Maintenance Products.

[44] Peacock and Bridges, *Wasting Libby*, 148.

[45] Peacock and Bridges, *Wasting Libby*, 151.

stated, "Because of priority shifts within EPA, the second phase was not undertaken and the scope of the first phase was reduced."[46] The EPA gave no explicit reasoning behind their decision to stop investigating W.R. Grace, yet a 2001 Inspector General Review of EPA behavior during the Libby crisis determined that any attempts to address the asbestos contamination "did not result in regulations or other controls that might have protected the citizens of Libby."[47] The EPA did not publicize what prompted their priority shift or lack of concrete regulation, but its concurrent timing with Reagan's election in November 1980 and Grace's involvement with the Grace Commission beginning in 1982 was a dubious coincidence.

Alongside the EPA investigation, the National Institute of Occupational Safety and Health (NIOSH) attempted to investigate working conditions at Libby beginning in November of 1980. When asked for employee health information, W.R. Grace provided vague data in return, indicating an aversion to cooperating per NIOSH employees' accounts of the events. According to a Grace memo recounting the Grace-NIOSH interactions, after NIOSH insisted upon doing a comprehensive epidemiological study of Libby's miners, Grace officials told NIOSH representatives, "this study could create a lot of loose talk with serious implications and have a deleterious, unjustified and pointless impact on Grace's vermiculite business."[48] Unsurprisingly, W.R. Grace sought to shift regulator attention and publicity away from Libby, hoping to protect their business interests in Zonolite. In fact, this desire to diminish regulatory power from government entities such as NIOSH led W.R. Grace Global VP for Construction Products Robert Locke to distribute a list of seven strategic options for W.R. Grace to combat NIOSH in November

---

[46] Peacock and Bridges, *Wasting Libby*, 151.

[47] Office of Inspector General, *EPA's Actions Concerning Asbestos-Contaminated Vermiculite in Libby, Montana*, Report no. 2001-S-7, March 31, 2001, i.

[48] Peacock and Bridges, *Wasting Libby*, 148.

1980. Two of the strategic directives pointed to their belief that the new Reagan administration would extinguish the NIOSH threat:

> b) Be slow, review things extensively and contribute to delay. This might not be bad policy generally and it is possible that the new Administration's policies will make NIOSH more selective in how scarce staff resources are allocated after January 20, 1981.
>
> g) Attempt to apply influence via congressmen, senators, lobbyists or others to get it turned off. This might result in delay without turning it off. However, it is not necessarily successful, can backfire and to be effective must be developed over long periods of time due to the trust required.[49]

A poignant precursor to J. Peter Grace's 1982 appointment to the Grace Commission, directive b indicated that W.R. Grace executives anticipated that Reagan's presidential inauguration on January 20, 1981 would shift funding away from regulatory bodies such as NIOSH. Directive g explained the nature of W.R. Grace's attitude toward the government regulators and reflected the political circumstances that likely prompted the EPA to shift their priorities away from Libby. Not only did W.R. Grace have incentive to make use of their own corporate lobbying influence on government legislators, but J. Peter Grace's personal influence on soon-to-be-President Reagan would be key to ensuring Zonolite's continued profitability in consumer markets. For Grace, Zonolite's survival at all costs trumped consumer protection, with these directives aiming to remove government interference in their business, despite the larger health implications.

Asbestos was not the only environmental hazard that W.R. Grace & Co. brought upon the American people. Libby, Montana was one of thirty-nine EPA Superfund sites related to W.R. Grace operations.[50] The term Superfund emerged from the Comprehensive Environmental

---

[49] Peacock and Bridges, *Wasting Libby*, 149.

[50] United States Environmental Protection Agency, "Case Summary: EPA Receives over $54 Million from W.R. Grace Bankruptcy," epa.gov.

Response, Compensation, and Liability Act of 1980, in which the EPA ordered potentially responsible parties to pay to clean up sites polluted by hazardous substances.[51] Any funds not recovered from the responsible party would come from a Superfund tax on chemical and petroleum companies. Each of W.R. Grace's thirty-nine Superfund sites represented the potential for EPA regulatory intervention in W.R. Grace's operations, creating a confrontational relationship between J. Peter Grace and the EPA. The most famous of these sites was in Woburn, Massachusetts, where the courts found W.R. Grace guilty of contaminating the town's water supply with chemicals from its plants in 1986, causing a number of acute lymphocytic leukemia cases in the area.[52] Two years later, W.R. Grace pled guilty to lying to the EPA about the amount of chemicals they used.[53] This case—which gained widespread publicity from the book *A Civil Action* (1995)—was made into a popular movie of the same name in 1998, compounding the poor reputation of W.R. Grace as a polluter and danger to society.

<u>Grace's Government Presence</u>

J. Peter Grace involved himself in government early in his professional career, serving under the Eisenhower and the Kennedy administrations in differing capacities. He worked as a member of the International Development Advisory Board under Eisenhower and Chairman of the Commerce Committee of the Alliance for Progress under Kennedy, both of which advocated for U.S. investment in the developing Latin American economy. Grace's input on the matter was

---

[51] United States Environmental Protection Agency, "Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and Federal Facilities," EPA Enforcement.

[52] Dana Hedgpeth, "W.R. Grace Mixes a Tarnished Past With an Executive Intent on a Different Future," *The Washington Post*, July 24, 2000.

[53] Stefan Fatsis, "W.R. Grace Pleads Guilty To Concealing Chemical Use From EPA," *The Associated Press*, May 31, 1988.

valued in these roles due to his "long and intimate experience in inter-American industrial and cultural cooperation."[54] W.R. Grace & Co. had deep roots and heavy investment in Latin American trade even as they were slowly divesting themselves in favor of chemicals by the 1950s.[55] Grace wrote the International Development Advisory Board's "Economic Program for the Americas" report in 1954 to recommend that the U.S. government facilitate positive relations with Latin America in order to promote democracy. He also sought with this report to show "the pressing need for growth in inter-American trade and in the flow of United States private capital to Latin America and the factors which have been impeding that growth."[56] As a result of W.R. Grace & Co.'s stake in Latin American trade with the U.S., J. Peter Grace promoted himself as an expert to advise the government on matters of inter-American trade.

Grace took on more Latin American relations responsibilities in 1960 with the Kennedy administration as Chairman of the Commerce Committee of the Alliance for Progress, where Grace advocated for U.S. expenditure on foreign aid. President John F. Kennedy specifically tasked this committee with finding an *efficient* manner of utilizing government funds for Latin American aid, saying, "So what we would like from you is advice on how we can make the Alliance for Progress more successful, how our programs and expenditures of public funds based

---

[54] Foreign Operations Administration, An Economic Program for the Americas: Report of the International Development Advisory Board, Rep. (Sept. 1954).

[55] Founded in 1854 in Peru by J. Peter Grace's grandfather, W.R. Grace & Co. specialized in Latin American manufacturing and transportation. W.R. Grace & Co. connected the Americas with a merchant steamship line, Grace Line passenger ships, and Panagra, the first air travel route between North and South America. In 1914, J. Peter Grace's father sent the first commercial ship through the Panama Canal, soon after its construction was completed. Source: W.R. Grace & Co., "A Story of Innovation and Change," Grace History. Accessed April 10, 2021. https://grace.com/en-us/history.

[56] Foreign Operations Administration, An Economic Program for the Americas, vii.

on your experience in Latin America can be carried out most efficiently."[57] Based on this, Grace was becoming known as an expert on the efficient use of government resources, a trait that Reagan later sought out in choosing a chairperson for the President's Private Sector Survey for Cost Control in the Federal Government.

Yet in assessing this experience in his 1964 article "The Private Investor in Latin America," Grace indicated a disappointment with the strict monetary discipline under Kennedy:

> Attitudes of business as usual, under policies of strict monetary discipline, fail to recognize the basic changes—the deteriorations that have occurred in the Latin American economies—that make any such policies impractical without a substantial infusion of new sources of capital…Unfortunately, foreign aid is not a popular expenditure today and prospects do not appear promising for meeting our commitment under the Alliance program.[58]

J. Peter Grace was disappointed that government expenditures on foreign aid to boost Latin American economies were not high enough, deeming the government's policies of strict monetary discipline to be impractical and unfortunate. Grace's desire to increase economic aid to Latin America did not precisely fall in line with Kennedy's task to use government resources efficiently, but his motives were in line with his own economic interests. J. Peter Grace had more to gain from his government service than simply the satisfaction of lending his time to improve international relations. His company's financial interests in Latin America derived from their stake in the successes of inter-American trade, so diplomacy and private capital infusions into Latin American economies were a matter of utmost importance to W.R. Grace & Co., even as the firm was in the

[57] John F. Kennedy, "Remarks to Members of the Commerce Committee for the Alliance for Progress," Speech presented at Rose Garden at the White House, May 9, 1962, The American Presidency Project.

[58] J. Peter Grace, "The Private Investor in Latin America Today," *Proceedings of the Academy of Political Science* 27, no. 4 (1964): 45-6.

process of shifting to chemicals. Grace called himself a "businessman long and deeply concerned with this part of the world," yet his concern was directly tied to his company's bottom line.[59]

By the late 1970s, J. Peter Grace's interest in public affairs had taken a marked shift, when Grace began to critique the "big government philosophy" associated with the New Deal and Great Society in 1978.[60] Interestingly, J. Peter Grace's shift of W.R. Grace's focus from Latin American shipping to chemicals coincided with his shift away from promoting government spending in the Latin American economy towards critiquing government spending on domestic programs and agencies. J. Peter Grace found the lack of adequate government investment to be unfortunate in 1964 when the expenditures would have benefitted his business, yet by the time the Grace Commission assembled, Grace campaigned against "wasteful" government spending on agencies such as the EPA. Grace's shift in political focus molded to W.R. Grace & Co.'s financial interests instead of adhering to any political ideology. This was an indication that J. Peter Grace's involvement in government affairs centered on pro-business and, more specifically, pro-W.R. Grace policy.

Grace first publicly conveyed this policy shift when his doctor asked him to present an address to a group of physicians at the University Club. Without an idea for a topic, Grace recollected in a 1981 interview that "It was quite clear that President Carter didn't understand what makes this system work" and he decided to speak "about taxes and what it is doing to the private enterprise system."[61] After a welcome reception to this speech, an energized Grace felt compelled

---

[59] J. Peter Grace, "United States Business Responds," *The Annals of the American Academy of Political and Social Science* 334 (1961): 145.

[60] J. Peter Grace, *Charting a Course for America's New Beginning*, N.p.: American Legislative Exchange Council, 1981.

[61] John F. Berry, "J. Peter Grace: Outspoken Reagan Supporter," *The Washington Post*, December 6, 1981.

to convey his economic beliefs to a larger audience with speeches at universities and trade associations. He also personally lobbied for the legislative changes he desired, with financial backing and public relations support from W.R. Grace & Co. With W.R. Grace & Co. resources, J. Peter Grace released newspaper and magazine advertisements on legislative proposals such as decreasing the capital gains tax rate from 28 percent to 20 percent—a policy Reagan implemented in 1981 that Grace attributed to his personal lobbying and advertising. Grace's lobbying included sending a quantitative analysis of the tax cut in a letter to every Senator and Representative in Congress, forging political alliances and making a name for himself amongst legislators.[62] In a move that likely put Grace on Reagan's radar as a supporter and political ally, Grace purchased a *Washington Post* column and advertising space to challenge an editorial in the same paper that criticized Reagan's tax plan.[63]

In August 1981, with the assistance of the free-market, limited government legislative think tank American Legislative Exchange Council (ALEC), J. Peter Grace compiled charts from his previous three years of speeches on the U.S. economy and published the collection as *Charting a Course for America's New Beginning*. Grace organized the figures by subject-based chapters such as "Chapter II. Too Much Government," "Chapter III. Inflation and Government Spending," and "Chapter V. Increased Burden of Federal Taxes," providing personal commentary to add color to the graphs.[64] Grace began Chapter II by saying, "the government has taken an increasing percentage of output…all of this has been done in a climate of inefficiency and waste. At the same time, commitments to social programs have exceeded financing capabilities and threaten our fiscal

[62] Kathy Williams and Robert L. Shultis, "J. Peter Grace, the President's Chief Cost Cutter," *Management Accounting (Pre-1986),* June 1984, 22.

[63] Berry, "J. Peter Grace: Outspoken Reagan Supporter."

[64] Grace, *Charting a Course for America's New Beginning*.

integrity."[65] He utilized the public administration-based rhetoric of efficiency and waste that Woodrow Wilson had pioneered, and that would later drive the Grace Commission's purpose. One chart labelled "Expenditures by Federal Regulatory Agencies" depicted a 1,984.7 percent increase in federal expenditures for regulating energy production and the environment from the years 1970 to 1979.[66] This figure indicated an immense increase in expenditures on regulation over the decade, but it did not include the context that the EPA had just been created in 1970 with a small initial budget and was bound for significant growth as a developing environmental regulator. In another chart depicting an exponentially increasing average daily spending by all presidential administrations up to Reagan's, Grace gave the title, "The Reagan Challenge: Stopping the Trend."[67] In this manner, he challenged Reagan to decrease government expenditures, which was already a major goal of Reagan's. *Charting a Course for America's New Beginning* served as a strong political piece that was one of Grace's many signs to Reagan that they shared a disdain for big government.

Upon the election of Ronald Reagan in 1980, J. Peter Grace was the CEO of a successful multimillion dollar chemicals corporation with dark secrets that catapulted it directly into the crosshairs of government regulators, particularly the EPA. Grace's effective political advocacy for interests he shared with Reagan, along with his prominent reputation as a successful businessman, earned him favor with Reagan. The small government, pro-business ideas Reagan promoted during the election certainly appealed to Grace as a businessman interested in lower corporate taxes and a more lenient regulatory environment. Reagan's approval and support would

---

[65] Grace, *Charting a Course for America's New Beginning*.

[66] Grace, *Charting a Course for America's New Beginning*, Chart 17.

[67] Grace, *Charting a Course for America's New Beginning*, Chart 31.

also provide him with a more direct opportunity to protect his own bottom line at W.R. Grace & Co.

CHAPTER 2

THE GRACE COMMISSION: IMPLEMENTING THE REAGAN AGENDA

> *By the authority vested in me as President by the Constitution and laws of the United States of America, and in order to establish, in accordance with the provisions of the Federal Advisory Committee Act, as amended (5 U.S.C. App. I), an advisory committee to study cost control in the Federal Government, it is hereby ordered as follows…*[68]

On June 30, 1982, President Ronald Reagan signed Executive Order 12369 creating the President's Private Sector Survey on Cost Control in the Federal Government. Amidst an exponentially growing national debt, worsened each year with budgetary deficit spending, Reagan sought a way to advance his deregulatory agenda under the guise of reducing the deficit to avoid raising taxes. He believed he could minimize government expenditures by making the government run like a business with the advice of businessmen.

Government Management Efficiency Before Grace

The Grace Commission task force members, according to Executive Order 12369, were to craft management efficiency recommendations as a means to "reducing program waste, correcting system failures, improving personnel management, and attacking structural deficiencies" upon implementation.[69] Reagan intended for the Grace Commission to apply these private sector

[68] Exec. Order No. 12369, 47 Fed. Reg. 28899 (June 30, 1982).

[69] The United States Congress Congressional Budget Office & General Accounting Office, *Analysis of the Grace Commission's Major Proposals for Cost Control*, February 1984, 1.

business management principles to government to foster a more efficient and businesslike government, yet Reagan's stated goal was not novel, as several U.S. presidents had attempted this before. Prior to Ronald Reagan's administration, presidential attempts to minimize government expenditures had been rooted largely in Woodrow Wilson's method of applying management science principles to government agencies and programs, with varying degrees of success.

The first statutory attempt to decrease government expenditures by implementing largely management efficiency principles was Section 209 of the Budget and Accounting Act of 1921, in which the president and executive branch took on the responsibility to develop the Bureau of the Budget. The act tasked this body with the responsibility to "make studies of departments and agencies to enable the president to determine what changes shall be made in their organization, activities, methods of business, appropriations, assignment of functions, and regrouping of activities."[70] This cost savings body took different forms and functions under the executive branch throughout the early twentieth century due to budgetary restraints, an ironic notion given the cost-saving purpose of the Bureau of the Budget.

The executive branch tasked each iteration of the Bureau of the Budget with researching and advising on the practice of budgeting, improving administrative performance, and ensuring efficient and economical conduct of government services.[71] President Eisenhower filled the Budget Bureau leadership positions with bankers and accountants during his 1953-1961 presidency, indicating a focus on economical and efficient management in the executive branch. These bankers and accountants shared skillsets and expertise in cost-efficiency and budgeting, and thus proved valuable to advancing the interests of the Budget Bureau. By 1965 during Johnson's

---

[70] Marver H. Bernstein, "The Presidency and Management Improvement," *Law and Contemporary Problems* 35 (Summer 1970): 505.

[71] Bernstein, "The Presidency and Management Improvement," 506.

presidency, management improvement efforts shifted towards Planning, Programming, Budgeting Systems (PPBS), a then-new management tool utilizing economic analysis.[72] Thus, economists joined bankers and accountants as government advisers on management improvement in the 1960s. Still, the private sector remained an insignificant source of counsel for cost control in the federal government, as these experts were all employed directly by the federal government.

Reagan's unique contribution was in enlisting private sector professionals to apply their own business management principles to government. Yet while he advocated for the businessmen's prowess as managers, bringing in privately funded workers came with a stipulation. The Bureau of the Budget utilized bankers, accountants, and economists who likely joined the government bureaucracy after private sector work experience, and these individuals were on the government payroll. This stood in stark contrast to the Grace Commission and its smaller-scale predecessor in California, where the businessmen retained their private sector-funded payroll, and thus their allegiance to their corporate employers and shareholders, raising a strong potential for conflicts of interest.

Far earlier than his 1982 establishment of the Grace Commission, Reagan tested this private sector approach while governor of California in 1967. Seeking to reduce the state's $180 million annual deficit, he conducted a private sector survey of the state government's management and administrative practices in order to cut down California's budgetary deficit.[73] Reagan asserted that while "government has never been accused of being a businessman…we can still make it more businesslike," enlisting approximately 250 private sector professionals who volunteered to look at

[72] Bernstein, "The Presidency and Management Improvement," 513-14.

[73] J. Peter Grace, *Burning Money: The Waste of Your Tax Dollars*, New York, NY: Macmillan, 1984, 49.

government files and identify costly inefficiencies from their perspective as businessmen.[74] He saw merit in bringing private sector expertise to certain government functions, organizing the volunteers into task forces based on their profession and industry knowledge. Reagan said, for example, that "veterans of the hotel industry told us how better to utilize the space in our prison system, how better to run the hotel-keeping functions, the buying of food and so forth."[75] The resulting report yielded 2,200 options to cut costs after 117 days of full-time contribution by the private sector volunteers.[76] Reagan instituted almost 75 percent of the 2,200 recommendations in his successful mission to eliminate California's deficit and produce a balanced budget. Reagan, thus, saw his Private Sector Survey for Cost Control as an opportunity to conduct a similar private sector-led cost-cutting survey as he had done in California, but on a nationwide scale.

<u>Formation of the Grace Commission</u>

> *Section 1. Establishment.*
>
> *(a) There is established the Executive Committee of the President's Private Sector Survey on Cost Control in the Federal Government. The Committee shall be composed of not more than 150 members appointed by the President from among citizens in private life.*
>
> *(b) The President shall designate a Chairman from among the members of the Committee.*[77]

---

[74] Ronald Reagan, "Remarks at the Los Angeles County, California, Board of Supervisors' Town Meeting," Speech presented at Dorothy Chandler Pavilion Auditorium, Los Angeles, CA, March 3, 1982, The American Presidency Project.

Grace, *Burning Money*, 49.

[75] Reagan, "Remarks at the Los Angeles County, California, Board of Supervisors' Town Meeting."

[76] Grace, *Burning Money*, 49.

[77] Exec. Order No. 12369.

J. Peter Grace had put himself on the national radar as a person engaging with important economic questions and had propelled himself into view of the Reagan administration with his public lobbying and legislative advertising support for a number of Reagan's policy initiatives. With his prior references to the importance of cutting big government's waste and inefficiencies, as well as his successes at W.R. Grace & Co., J. Peter Grace was the perfect pick to chair Reagan's Private Sector Survey for Cost Control in the Federal Government.

"The President wants to speak to you," Grace's secretary Cynthia said as she barged into a February 16, 1982 lunch between Rupert Murdoch and her boss, J. Peter Grace. Grace picked up the phone and, sure enough, President Ronald Reagan personally informed him that his presidential advisors had unanimously selected Grace to chair a commission of private sector management and executives.[78] Grace had never met Reagan at that point, but Grace eagerly left the meeting with Rupert Murdoch and was on a flight to Washington D.C. within the hour.[79] Reagan gave Grace and his commission the directive to "work like tireless bloodhounds, leaving no stone unturned in [the] search to root out inefficiency and waste of taxpayer dollars."[80] Grace accepted, later saying that he had been watching and criticizing federal expenditures and was looking forward for this opportunity to "substitute action for words."[81] Soon after Grace was appointed as the chairman of the verbosely titled President's Private Sector Survey for Cost Control in the Federal Government, people began referring to it simply as the Grace Commission.

---

[78] Kathy Williams and Robert L. Shultis, "J. Peter Grace, the President's Chief Cost Cutter," Management Accounting (Pre-1986), 06, 1984, 22.

[79] Williams and Shultis, "J. Peter Grace, the President's Chief Cost Cutter," 22.

[80] Reagan, "Remarks at the Los Angeles County, California, Board of Supervisors' Town Meeting."

[81] Grace, *Burning Money*, 52.

The next step after appointing J. Peter Grace as chairman of the Grace Commission was to create an executive committee. Reagan's Executive Order directed the executive committee to be no more than 150 private sector citizens, and Grace sought out "the best and brightest of American corporate talent, the chief executives of the nation's leading corporations" with "expertise in sound management of large enterprises." The list included business management titans of the time, including the Chairman of Chase Manhattan Bank, the Chairman of Prudential Insurance Company, the CEO of Exxon, the President of Coca-Cola, and the Dean of Harvard Business School.[82] The long list of businesspeople represented about half of the U.S. states and was intended to be diverse and nonpartisan, with all members sharing the united goal of reducing waste and inefficiency in the federal government.[83]

The executive committee created a management office to oversee day-to-day Grace Commission operations, as well as 36 task forces to study government departments, subdepartments and independent agencies of the executive branch.[84] The management office, consisting of accountants and management consultants, was to provide support to the task forces on the "front lines." The management office published 11 "Selected Issues Reports" regarding topics such as wage setting, health care costs, and traffic management. The primary source of Grace Commission recommendations came from the task forces. Each task force was run by two executive committee members, with approximately 25 to 30 private sector members staffed per task force. Figure 2 below references the task forces and selected issues reports:

---

[82] Grace, *Burning Money*, 53.

[83] *President's Private Sector Survey on Cost Control: Report of General Accounting Office: Hearings Before the Subcommittee on Investigations of the Committee on Post Office and Civil Service*, 97th Cong., 2d Sess. (1982), 4-5.

[84] Grace, *Burning Money*, 54-55.

A COMPLETE LIST OF THE GRACE COMMISSION'S 36 TASK FORCE REPORTS AND 11 SPECIAL REPORTS

A listing of the 36 Task Forces follows:

Agriculture
Air Force
Army
Automated Data Processing/Office Automation
Boards/Commissions-Banking
Boards/Commissions-Business Related
Commerce
Defense-Office of Secretary
Education
Energy (including Federal Energy Regulatory Commission and Nuclear Regulatory Commission)
Environmental Protection Agency/Small Business Administration/Federal Emergency Management Agency
Federal Construction Management
Federal Feeding
Federal Hospital Management
Federal Management Systems
Financial Asset Management
Health & Human Services-Department Management/Human Development Services/ACTION
Health & Human Services-Public Health Service/Health Care Financing Administration
Health & Human Services-Social Security Administration
Housing & Urban Development
Interior
Justice
Labor
Land, Facilities and Personal Property
Low Income Standards and Benefits
Navy
Personnel Management
Privatization
Procurement/Contracts/Inventory Management
Real Property Management
Research and Development
State/AID/USIA
Transportation
Treasury
User Charges
Veterans Administration

Management Office Selected Issues Reports were as follows:

Vol. I: Publishing, Printing, Reproduction, and Audiovisual Activities
Vol. II: Travel and Traffic Management
Vol. III: Financial Management in the Federal Government
Vol. IV: Wage Setting Laws: Impact on the Federal Government
Vol. V: Anomalies in the Federal Work Environment
Vol. VI: Federal Retirement Systems
Vol. VII: Information Gap in the Federal Government
Vol. VIII: The Cost of Congressional Encroachment
Vol. IX: Federal Health Care Costs
Vol. X: Opportunities Beyond PPSS
Vol. XI: Federally Subsidized Programs

Source: President's Private Sector Survey on Cost Control. A Report to the President. January 1984. 2 vol., 656 p.

Retyped by the Library of Congress, Congressional Research Service.

Figure 2 - A Complete List of the Grace Commission's 36 Task Force Reports and 11 Special Reports

Source: "A Complete List of the Grace Commission's 36 Task Force Reports and 11 Special Reports," In Grace Commission, Washington, D.C.: Library of Congress Congressional Research Service, 1985.

The members assigned to each task force came from corporate positions relevant to each task force's subject topic. For example, the Federal Hospital Management Task Force consisted of executives and employees from privately funded and operated hospitals.

Why Business Can Advise Government

Reagan felt bringing in the private sector to advise on government operations would be appropriate and helpful because he, along with others involved in the Grace Commission, believed that government shared inherent similarities to businesses that would legitimize the advice of the private sector volunteers. J. Peter Grace likewise saw strong similarities between business and government, presenting a figure titled "Why Business Can Advise Government" to the Senate Finance Committee in 1984 along with the recommendations of his commission. The figure listed operational "functions" in which both the federal government and the private sector were engaged. These functions, common to both the federal government and the private sector, included lending money, managing inventory, borrowing money, handling freight, and maintaining buildings. Upon observation, these shared functions between government and the private sector that the Grace Commission identified were financial statement items common to corporations.[85] Due to these similarities in structure and operations, Grace argued that a businessperson's advice would be applicable to government functions.

While similar in structure and operations, government did not share the private sector's dependence on profit for survival, a difference which Reagan and Grace promoted as an advantage of Grace Commission recommendations. They held the idea that the private sector's constant push to maximize profit incentivized private businesses to perform better than the public sector, which had considerably less incentive to eliminate waste and inefficiency. Grace relayed the result of such a difference simply, stating that "everywhere in America it is recognized that the public sector simply does not work as well as the private sector."[86] The Management Office commented on this

---

[85] *Grace Commission Recommendations: Hearings Before the Senate Finance Committee*, 98th Cong., 2d Sess. (1984), 41-44.

[86] J. Peter Grace, "The Problem of Big Government," *Hillsdale College: Imprimis* 17, no. 1 (January 1988).

important factor in Volume VI of its Selected Issues Report on the Federal Retirement System in 1984:

> Private sector management is driven by the need to ensure the enterprise's continued economic survival. This is a precondition for profit or any other measure of success and the satisfaction of this precondition requires constant attention to managerial efficiency and the effective use of resources in a competitive arena. The unforgiving tests of both the balance sheet and the marketplace must be met. Failure to meet the demands of either will, in time, bring the enterprise to an end, with the attendant consequences not only to management but to the investors, employees, suppliers, customers, and the community as well. In short, the private sector cannot operate with a continuing and growing deficit.[87]

Thus, the private sector corporations' responsibility to their shareholders necessitated a focus on the bottom line and a need to operate without a deficit. According to J. Peter Grace's commission, the government, on the other hand, had little motivation to avoid increased expenditures because its constituents did not actively seek to avoid a deficit, instead desiring more expenditures:

> Government has no such incentive to survive, let alone succeed, nor any such test to meet. The Government, unlike private sector enterprise, is not normally managed as if it were subject to the consequences of prolonged managerial inefficiency or persistent failure to control costs. Such consequences have historically been avoided in the public sector - or, more accurately, postponed - by Government's propensity to increase tax revenues, engage in deficit spending, and spend yet more money on failed programs with the result of masking their ineffectiveness.[88]

Reagan and Grace's belief that government worked less efficiently based on lack of incentive was apparent in various areas of expenditure. Beyond just listing the shared functions of government and the private sector, J. Peter Grace's "Why Business Can Advise Government" outlined specific

---

[87] C. Lowell Harriss, "Organization and Operation of the Grace Commission," Proceedings of the Academy of Political Science 35, no. 4 (1985): 31.

[88] Harriss, "Organization and Operation of the Grace Commission," 31.

examples of the disparity between government spending and private sector spending on each function, which he labeled "federal government failures relative to the private sector."[89] For example, processing a payroll check cost the Army $4.20, while averaging $1.00 in the private sector. Another example regarding nursing home management found that Veterans Affairs spent $61,250 per bed when constructing nursing homes, while a major private sector nursing home operator spent $16,000 per bed. Disparities such as these were evidence favoring why the government needed businessmen to intervene with an effort like the Grace Commission.

<u>Operating in a Businesslike Manner</u>

> *Sec. 2. Functions.*
>
> *(a) The Committee shall conduct a private sector survey on cost control in the Federal Government and shall advise the President and the Secretary of Commerce, and other Executive agency heads with respect to improving management and reducing costs…*
>
> *(c) In fulfilling its functions the Committee shall consider providing recommendations in the following areas:*
>
> *(1) Opportunities for increased efficiency and reduced costs in the Federal Government that can be realized by Executive action or legislation;*
>
> *(2) Areas where managerial accountability can be enhanced and administrative control can be improved;*
>
> *(3) Opportunities for managerial improvements over both the short and long term;*
>
> *(4) Specific areas where further study can be justified by potential savings; and*
>
> *(5) Information and data relating to governmental expenditures, indebtedness, and personnel management.*[90]

---

[89] *Grace Commission Recommendations: Hearings Before the Senate Finance Committee*, 98th Cong., 2d Sess. (1984), 41-44.

[90] Exec. Order No. 12369.

In order for the Grace Commission's private sector volunteers to carry out the process of analyzing administrative control, personnel management, and other functions to operate the government in a businesslike manner, Reagan desired that the task forces treat departments and agencies as if they were looking at them for a merger or takeover, specifically that of a failing business.[91] In the private sector, identifying targets for a merger or takeover most often involved detecting undervalued companies with improper management that could better realize their potential under new management. Reagan's vision metaphorized the government agencies and departments as undervalued and inefficiently run businesses that could be saved with the help of experienced and successful private sector professionals. For example, the Air Force task force stated in their report: "We analyzed the Air Force as if it were a business we wanted to acquire," identifying "management policies, practices and routines we would change if the Air Force were to 'merge' with our 'company.'"[92] By using this method of government analysis, the private sector volunteers would utilize their strengths as corporate employees and executives. With this method in mind, the task forces obtained their information to make cost cutting recommendations with a combination of interviews with agency officials and access to agency data.[93]

A Volunteer Effort?

Sec. 3. Administration.

---

[91] Ronald Reagan, "Remarks at a White House Luncheon for the Chairman and Executive Committee of the Private Sector Survey on Cost Control in the Federal Government," Speech presented at State Dining Room at the White House, March 10, 1982, The American Presidency Project.

[92] Charles T. Goodsell, "The Grace Commission: Seeking Efficiency for the Whole People?" *Public Administration Review* 44, no. 3 (1984): 198.

[93] Grace, *Burning Money*, 55-56.

…(b) Members of the Committee shall serve without compensation.[94]

Felix E. Larkin, a member of the Executive Committee of the Private Sector Survey, proudly exclaimed the uniqueness of the Grace Commission's volunteer-basis staffing: "I am not aware of any other Commission or survey that has financed itself and has not been financed by the Government."[95] A major selling point of the Grace Commission was that it was to be done at no cost to the government despite almost 1,200 private sector workers being involved, yet this volunteerism was not as beneficent as advertised. While the members of the committee lacked compensation from the government for their Grace Commission work, they were not doing the work for free as volunteers—they were financed by corporations.

Over 300 businesses seeking to support the Grace Commission created a fund to finance their efforts in researching management and efficiency solutions by raising approximately $76 million amongst themselves. They pooled these funds into a foundation created for the purpose of supporting the Grace Commission's executive committee and management office in conducting their responsibilities.[96] In a September 15, 1982 statement to the Subcommittee on Investigations of the Committee on Post Office and Civil Service, Larkin outlined the private sector funding for the commission.[97] According to Larkin, the foundation funding covered mostly administrative costs, including "rent for office space, rent for furniture, for equipment, to defray telephone bills,

---

[94] Exec. Order No. 12369.

[95] *President's Private Sector Survey on Cost Control: Report of General Accounting Office: Hearings Before the Subcommittee on Investigations of the Committee on Post Office and Civil Service*, 97th Cong., 2d Sess. (1982), 8.

[96] J. Peter Grace, "The Problem of Big Government," *Hillsdale College: Imprimis* 17, no. 1 (January 1988).

[97] *President's Private Sector Survey on Cost Control: Report of General Accounting Office: Hearings Before the Subcommittee on Investigations of the Committee on Post Office and Civil Service*, 97th Cong., 2d Sess. (1982), 8-9.

computer equipment, services, stationary, and some employees, [and] staff support."[98] In addition to the foundation's contributions, the over 300 private sector corporations directly funded the salaries of the almost 1,200 corporate employees conducting the survey.[99] Beyond covering their salaries, these businesses also footed the bill for the workers' hotel and travel expenses.

Despite the appearance of being a volunteer effort, the corporations that footed the bills and paid the salaries for the Grace Commission workers had much to gain from these contributions. Having a penchant for efficiency, they were unlikely to provide a free lunch without gaining something in return. For instance, while the private contributions to the Grace Commission were vast, Ralph Nader identified that a large portion of these contributions were tax deductible as donations, which would have offset the government savings with lost tax revenue.[100] Thus, while the private sector covered the direct costs of the Grace Commission, this resulted in lost corporate tax revenue for the government, arguably an expense on the government's part. Additionally, funding the Grace Commission successfully deployed private sector workers into influential lobbying positions in government, thus expanding opportunities to advance private interest through the Grace Commission recommendations. From one perspective, then, the Grace Commission consisted of corporate volunteers using expertise to create an efficient government. However, analysis with a more skeptical eye suggests that the Grace Commission businessmen

---

[98] *President's Private Sector Survey on Cost Control: Report of General Accounting Office: Hearings Before the Subcommittee on Investigations of the Committee on Post Office and Civil Service*, 97th Cong., 2d Sess. (1982), 8.

[99] *President's Private Sector Survey on Cost Control: Report of General Accounting Office: Hearings Before the Subcommittee on Investigations of the Committee on Post Office and Civil Service*, 97th Cong., 2d Sess. (1982), 8-9.

[100] Grace, "The Problem of Big Government."

made the expenditures necessary to gain the unique opportunity to directly apply corporate interests to government legislation.

Grace's "Sexy Items"

On January 16, 1984, J. Peter Grace presented a 650-page final summary report containing the Grace Commission recommendations to President Reagan for his review.[101] In the 1984 Senate Finance Committee Hearing regarding the Grace Commission findings, Grace reported that the recommendations if (and Grace confidently added *when*) all implemented, would yield $424.4 billion in savings over three years.[102] For context, the 1984, 1985, and 1986 federal budget deficits were approximately $185.27 billion, $221.53 billion, and $237.92 billion respectively—a three-year total of $644.72 billion.[103] Accordingly, Grace advocated that the Grace Commission recommendations would help alleviate the government's growing annual federal deficit without having to raise taxes, if all recommendations were implemented.

The Grace Commission reports and the media presence surrounding them revealed many jaw-dropping figures on wasteful government expenditures, which Grace called "sexy items."[104] The sexy items would gain the attention of the public, legislators, and others looking at the Grace Commission recommendations, providing a palatable justification for businessmen tampering with government. An example of a sexy item Grace referred to in his 1984 book *Burning Money* was:

---

[101] The United States Congress Congressional Budget Office & General Accounting Office. *Analysis of the Grace Commission's Major Proposals for Cost Control*. February 1984, 3.

[102] *Grace Commission Recommendations: Hearings Before the Senate Finance Committee*, 98th Cong., 2d Sess. (1984), 94.

[103] Office of Management and Budget, "Table 1.1—Summary of Receipts, Outlays, and Surpluses or Deficits (-): 1789–2025," WH.gov.

[104] Peter Ajemian and Joan Claybrook, *Deceiving The Public: The Story Behind J. Peter Grace And His Campaign*, Washington, D.C.: Public Citizen, 1985, 6.

"The Health and Human Services Department has routinely paid out Social Security benefits to some 8,000 dead people, whose need for them is, well, doubtful."[105] Another: "the Navy's Training Equipment Center in Orlando distinguished itself by paying $511 for a light bulb that cost 60 cents at the local store. Another Navy procurement officer, Mr. Generosity himself, paid $100 for aircraft simulator parts that cost exactly a nickel down at the hardware store—this is only a 199,900 percent markup."[106] Grace was witty, humorous, and enjoyed storytelling, so his sexy items were an effective means of advertising and conveying the need for the Grace Commission recommendations.

Soon after the Grace Commission published their reports, there were voices of public praise for J. Peter Grace's foray into government affairs. Various newspaper and magazine articles glorified Grace, with titles such as: "Waste Meets the Amazing Grace" (*The Washington Post* February 1985); "J. Peter Grace, the President's Chief Cost Cutter" (*Management Accounting* June 1984); and "Tycoon Preaches Savings to the U.S." (*The Washington Post* September 1983).[107] These proponents of Grace and the Grace Commission generally admired his successful corporate background as CEO of W.R. Grace & Co., implying the value of a private sector influence in government affairs—specifically in Reagan's pro-business, free market-oriented government.

Reagan was very happy with the Grace Commission results and supported Grace's push to get these recommendations enacted as legislation, but he did not have the power to implement them himself. Seventy-three percent of the recommendations required Congressional approval to become law, so in order to make the Grace Commission recommendations anything more than

---

[105] Grace, *Burning Money*, 4.

[106] Grace, *Burning Money*, 3.

[107] Sallee Garner, "The Grace Commission: A Selected Bibliography," *The Review* 19, no. 4 (Fall 1984): 25-28.

recommendations, Grace had to gain some support in Congress.[108] Then-U.S. Representative Chuck Schumer commented that "you can point to some of the most egregious bits of waste…The problem is not in finding them, but gathering enough political support to [correct] them."[109] Therefore, Grace founded Citizens Against Waste in 1985 to lobby for the implementation of his reports along with Jack Anderson, a popular investigative journalist. Reagan was very supportive of these efforts, sayings, "we must work together to get your recommendations through the Congress, and that's what this people's lobby of yours is all about."[110]

At the same time, critics denigrated the Grace Commission efforts, calling out allegedly inaccurate savings estimates and questioning potential conflicts of interest and lack of transparency. Amongst the anti-Grace Commission voices were Nader's Raiders; these Grace Commission critics were ideological allies and underlings of Ralph Nader, a political activist who made great strides in holding government institutions and corporations accountable for environmental, consumer, and worker health and safety issues.[111] W.R. Grace & Co. was likely on Nader's radar for its numerous products and production methods that had put consumers in danger. Peter Ajemian and Joan Claybrook of Public Citizen, one of Nader's consumer advocacy organizations, published a scathing piece titled *Deceiving The Public: The Story Behind J. Peter Grace and his Campaign* (1985), inducing skepticism over the Grace Commission and its findings. Ajemian and Claybrook criticized numerous aspects the Grace Commission's structure, purpose, and members' interests. In another Nader-related critique of the Grace Commission, James

---

[108] Williams and Shultis, "J. Peter Grace, the President's Chief Cost Cutter," 22.

[109] Phil McCombs, "Waste Meets the Amazing Grace," *The Washington Post*, February 28, 1985.

[110] Ronald Reagan, "Remarks at a White House Meeting With Members of the President's Private Sector Survey on Cost Control in the Federal Government," Speech presented at Room 450 of the Old Executive Office Building, February 25, 1985, The American Presidency Project.

[111] Center for Study of Responsive Law, https://csrl.org/about/.

Packard Love of Nader's Center for Study of Responsive Law presented "A Critique of the President's Private Sector Survey on Cost Control" following J. Peter Grace's February 8, 1984 testimony to convey the Commission's findings to the Senate Finance Committee.

One of Ajemian and Claybrook's main critiques of the Grace Commission recommendations was that they went beyond management improvement, delving into public policy recommendations: "The commission was chartered to study waste and mismanagement, but its largest recommended savings require restructuring social policies by the enactment of new laws."[112] For example, recommendations that changed policies regarding student loans, farm subsidies, and railroad retirement benefits fell outside of the scope of the Grace Commission's responsibilities outlined in Executive Order 12369.[113] Not only were policy recommendations such as these outside of the scope of the Grace Commission, but they were outside of the management-related expertise of the private sector members involved. Terry W. Hartle of the American Enterprise Institute commented on the role of public policy in March 1985, saying, "Public policies and public organizations exist because they satisfy a public need or a constituency group. Any policy analyst can identify a dozen programs or policies that continue to exist despite manifold evidence that they are ineffective or inefficient."[114] Hartle conveyed that there were factors other than economic efficiency that went into policy decisions, and that policy analysts themselves often chose inefficiency in order to provide services beneficial to the public need. This suggested that in order to be effective as advisors to government, the private sector had to focus

---

[112] Peter Ajemian and Joan Claybrook, *Deceiving The Public: The Story Behind J. Peter Grace And His Campaign*, Washington, D.C.: Public Citizen, 1985, 7.

[113] Terry W. Hartle, "Sisyphus Revisited: Running the Government Like a Business," *Public Administration Review,* Mar/Apr 1985, Vol. 45 Issue 2, 349.

[114] Terry W. Hartle, "Sisyphus Revisited: Running the Government Like a Business," *Public Administration Review,* Mar/Apr 1985, Vol. 45 Issue 2, 349.

exclusively on managerial inefficiencies rather than delving into policy recommendations. One of the main criticisms of the Grace Commission was thus this problematic merging of cost cutting in areas of poor management and inefficiency and areas of federal regulation and social programs that Reagan and Grace deemed wasteful.

J. Peter Grace acknowledged the political difficulties associated with cutting government expenditures in his book, *Burning Money*, yet believed that the problems his commission would face in implementing their recommendation laid not in the management-focused areas of advice, but in policy-focused areas related to government benefits: "For every expenditure, whether sheer waste or absolutely essential, there's a recipient, and he or she tends to react strongly when benefits are reduced or taken away."[115] Grace identified a strong discrepancy between the management and inefficiency recommendations the Grace Commission set out to deliver, and the benefit-reducing, regulation-tampering cost savings recommendations that were included in the final report. Grace failed here to draw the distinction between wasteful expenditures due to management inefficiencies and expenditures on the federal programs and regulatory institutions that Reagan deemed "waste" and thus sought to address.

The Grace Commission task force members themselves noted an additional weakness: the limited time and resources devoted to producing a final report which they delivered just over a year after Reagan first signed Executive Order 12369 creating the Grace Commission on June 30, 1982. The task force members warned that "it would be misleading to allege that each and every recommendation is rooted in a uniformly high level of research, analysis and substantiation," and thus categorized each of their recommendations on a three-level scale of supportability: Category I – *Fully Substantiated and Defensible*, Category II – *Substantially Documented and Supportable*,

---

[115] Grace, *Burning Money*, 49-50.

or Category III – *Potentially Justifiable and Supportable*. A Category I recommendation held the highest level of supportability based on research, analysis, and substantiation, and the Commission deemed these recommendations "convincing and deserving of prompt implementation." Category II recommendations "may [have] not [been] fully rationalized or documented in the report, but all indications point to the desirability of proceeding with their implementation." Category III recommendations were "not regarded as fully supported in the report, due to time, personnel resources, and other constraints," yet the Commission deemed them "meritorious."[116]

In addition to prefacing the report with disclaimers on the supportability of their management recommendations, the task force members advised the reader to approach their dollar savings figures with skepticism, urging the reader to "guard against drawing conclusions or making dollar projections based on the disclosures contained <u>only</u> in this report."[117] In other words, the private sector task force called into question the "supportability" of both the management efficiency recommendations and the projected cost savings figures associated with each recommendation. Given that some recommendations were lacking in a "high level of research, analysis and substantiation," from what basis did the task force members discern that these were recommendations worth implementing, or even worth bringing to the attention of the administration?

Within his Grace Commission critique, Love noted that although the ability to cut the deficit without increasing the need for additional taxpayer contribution by addressing the government's waste and inefficiency was "the impression that Reagan want[ed] to make," the

[116] *President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency*, August 31, 1983, v.

[117] *President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency*, August 31, 1983, Preface.

savings estimates that validated this policy were overstated within the set of reports.[118] Although the task force members forewarned that many of the recommendations lacked proper substantiation for their estimated savings figures, the Grace Commission members made the recommendations nonetheless, making sure to include their questionable savings figures in public statements. J. Peter Grace continually referenced the $424.4 billion in cost control that the implementation of Grace Commission recommendations would yield in public appearances, newspaper articles, his book *Burning Money*, and his testimony to Congress, yet Category II and Category III recommendations constituted a significant portion of this figure. Further, the Congressional Budget Office and the U.S. Government Accountability Office conducted an analysis of 396 of the nearly 2,500 recommendations within the Grace Commission reports representing almost 90 percent of the Grace Commission's three-year savings estimates. When they used federal budget accounting to determine the deficit reduction if the recommendations were implemented in the years 1985-1987, they found that cost savings would be much less than $424.4 billion.[119] Upon their review of the dollar savings accuracy for each recommendation, the CBO-GAO review estimated that the three-year deficit reduction associated with the implementation of every recommendation would be about $98 billion, a fraction of the Grace Commission's estimates. While evaluating the cost-saving estimates, the CBO and GAO were unable to make a budget estimate for 122 of the recommendations because they considered them to be "too vague, or necessary data were not available."[120] This points to the possibility that the

---

[118] James Packard Love, "A Critique of the President's Private Sector Survey on Cost Control," In *Grace Commission Recommendations: Hearings Before the Senate Finance Committee*, 98th Cong., 2d Sess. (1984), 134.

[119] The United States Congress Congressional Budget Office & General Accounting Office, *Analysis of the Grace Commission's Major Proposals for Cost Control*, February 1984, 1.

[120] The United States Congress Congressional Budget Office & General Accounting Office, *Analysis of the Grace Commission's Major Proposals for Cost Control*, February 1984, 1.

Grace Commission inflated their recommendations' savings potential, or at least performed guesswork, considering how vague many of their recommendations were.

The Grace Commission was rooted in prior efforts to reduce waste and inefficiencies in government, including those of other presidencies and Reagan's own California private sector survey for cost control, yet numerous aspects of the commission's structure and composition were alarmingly different than what was outlined in Reagan's Executive Order 12369. Under the watch of Reagan and J. Peter Grace, the private sector volunteer effort to advise on managerial inefficiencies turned out to be more of a corporate lobbying effort to influence policies they deemed to be wasteful, inefficient, and disruptive to their corporate pursuit of profit.

CHAPTER 3

A CONFLICT OF INTEREST AT THE EPA & J. PETER'S FALL FROM GRACE

The EPA was a largely bipartisan agency until the Reagan administration attempted to make the EPA more business-friendly, politicizing the agency with their appointment of corporate lawyer and two-term Colorado legislator Anne Gorsuch as EPA administrator in 1981. Gorsuch, a proponent of private industry who favored deregulating the government, advocated against the Clean Air Act, along with water quality and waste protection laws prior to her appointment. Gorsuch was joined by fellow appointees from private corporations that the EPA was regulating, including executives of energy corporation Exxon.[121] Consistent with her deregulatory sympathies, Gorsuch reduced EPA staff by 21 percent between 1981 and 1983, targeting career EPA staff for removal, and also reduced civil enforcement cases by approximately 75 percent in her first year as administrator.[122] After it was revealed that she and other Reagan-appointed agency members were targeting career EPA staff on a "hit list" for firing, Congress began investigations into her conduct as EPA head and charged her with contempt after she refused Congress' subpoena

---

[121] Leif Frederickson, Christopher Sellers, Lindsey Dillon, Jennifer Liss Ohayon, Nicholas Shapiro, Marianne Sullivan, Stephen Bocking, Phil Brown, Vanessa de la Rosa, Jill Harrison, Sara Johns, Katherine Kulik, Rebecca Lave, Michelle Murphy, Liza Piper, Lauren Richter, and Sara Wylie, "History of US Presidential Assaults on Modern Environmental Health Protection," *American Journal of Public Health* 108, no. S2 (April 2018): S95-S103.

Anne Gorsuch is the mother of current U.S. Supreme Court justice Neil Gorsuch.

[122] Frederickson, Sellers, Dillon, Ohayon, Shapiro, Sullivan, Bocking, Brown, Rosa, Harrison, Johns, Kulik, Lave, Murphy, Piper, Richter, and Wylie, "History of US Presidential Assaults on Modern Environmental Health Protection," S95-S103.

for EPA documents in 1983.[123] This ended Gorsuch's tenure at the EPA as a pro-deregulation, pro-corporation advocate against enforcement of environmental laws.

Reagan's appointment of Gorsuch to the EPA was an overt and blatant move to weaken the EPA in favor of corporate interests against regulations. This was indicative of the Reagan administration's pro-business, deregulatory agenda, which took a more covert form by gutting agency powers under the guise of the Grace Commission recommendations to reduce government waste. The Grace Commission published and presented their *Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency* to President Reagan in August of 1983. Despite the Grace Commission's purported goal of advising on areas of cost control "without cutting the quality of services," recommendations within the Commission's reports, if put into practice, would have weakened the Environmental Protection Agency's role as regulatory watchdog for environmental protection and public health in the United States.[124]

The U.S. Environmental Protection Agency (EPA) portion within the larger report was the product of the EPA Task Force, composed of sixty private sector managers volunteering from twenty-eight large petroleum, chemical, and automotive corporations, including Dow Chemical, Diamond Shamrock, Monsanto, Union Carbide, and Shell. Their efforts consisted of a ten day "in-depth diagnostic survey" to search for improvement opportunities, followed by a month-long "in-depth study of these opportunities." The task force obtained "extensive documentation" from the agency for research, and interviewed a significant number of EPA employees as part of the

[123] Frederickson, Sellers, Dillon, Ohayon, Shapiro, Sullivan, Bocking, Brown, Rosa, Harrison, Johns, Kulik, Lave, Murphy, Piper, Richter, and Wylie, "History of US Presidential Assaults on Modern Environmental Health Protection," S95-S103.

[124] J. Peter Grace, "The Problem of Big Government: Are We Losing Our Marbles?" In *The Federal Deficit*, compiled by Andrew C. Kimmens, 93-103, New York: H.W. Wilson Company, 1985, 98.

research; the diagnostic survey involved 246 interviews with EPA employees, while the study group involved 321 interviews with EPA employees. According to the report, the senior agency management staff "demonstrated great patience in helping a group of outsiders understand the intricacies of Government procedures."[125] Their final report included thirty-six recommendations for cost control opportunities within the EPA. The EPA task force estimated that once implemented, their recommendations would yield $482.3 million in cost savings over three years.[126]

EPA director Carol Finch observed in an April 19, 1983 memo that the EPA cost savings estimates within the Grace Commission recommendations were overstated. "The overestimates," she continued, "appear to include incorrect assumptions, oversights, and miscalculations. For example, for the Region I, II, and III merger, the PPSS indicates an annual savings of $4.7 million, while the total annual operational costs of all three involved labs only comes to $3.3 million."[127] Finch's observation suggested a gross exaggeration of savings, with task force estimates dwarfing the total combined operating costs of the labs they recommended shutting down.

The Grace Commission's *Report on Federal Construction Management*, also published in August of 1983, contained some recommendations advocating for sizable change to certain EPA laws and regulations concerning federal construction projects. While the EPA and federal construction were seemingly mutually exclusive areas of government, federal construction projects actually had major environmental implications. These construction projects included not

---

[125] *President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency*, August 31, 1983, 2.

[126] *President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency*, August 31, 1983, ii.

[127] James Packard Love, "A Critique of the President's Private Sector Survey on Cost Control," In *Grace Commission Recommendations: Hearings Before the Senate Finance Committee*, 98th Cong., 2d Sess. (1984), 137.

only federal building construction, but also important federal infrastructure such as wastewater treatment plants, electrical generating stations, and water resource projects.[128] Wastewater treatment plants and water resource projects were deeply intertwined with EPA water safety regulations, and electrical generating stations created waste and air pollution worthy of EPA involvement. According to this construction report, the federal government's self-imposed "enormous and diverse requirements for environmental protection…have hampered effective program management and increased costs in a variety of ways."[129] The task force consisted of engineers, construction managers, and accountants, who conducted research mainly through case studies to see the impact of federal policies on construction projects. About half of the twenty-three recommendations in the *Report on Federal Construction Management* concerned environmental laws and EPA purview on federal construction projects, and the total estimated three-year savings was $5.5 billion, in comparison to estimated annual construction agency expenditures of $32 billion.[130]

There were numerous recommendations to the EPA that fell below the assessed substantiation level of Category I and appeared to weaken the EPA's mission to protect the environment and public health through research, to enforce air and water quality standards, and to standardize waste disposal procedures.[131] Ajemian and Claybrook's Grace Commission critique

[128] *President's Private Sector Survey on Cost Control: Report on Federal Construction Management*. August 31, 1983, 4.

[129] *President's Private Sector Survey on Cost Control: Report on Federal Construction Management*, August 31, 1983, i-iii.

[130] *President's Private Sector Survey on Cost Control: Report on Federal Construction Management*, August 31, 1983, i.

[131] United States Environmental Protection Agency, "The Origins of EPA," EPA History.

pointed out six policy recommendations pertaining to the EPA that, if implemented, would be favorable to the companies that the EPA regulated:

1. Extend the deadline for industry to meet Best Attainable Technology Clean Water Act standards;
2. Accelerate the delegation of responsibility to the states for enforcing environmental protection regulations;
3. Reduce federal funding for grants to the states for environmental programs;
4. Grant blanket permits for general classes of hazardous waste facilities;
5. Eliminate time limits on permits for discharge of pollutants; and
6. Close and merge with existing laboratories eight regional EPA testing laboratories.[132]

Of these six policies and eight recommendations to which they referred, four recommendations were listed in the EPA report as Category II - "may not be fully rationalized", and one was listed as Category III - "not regarded as fully supported."[133] This meant that the EPA task force members did not have sufficient evidence to support over half of their recommendations that could weaken EPA regulatory power over their own companies.

EPA Task Force Membership

When planning for the Grace Commission composition and structure, the Reagan administration ensured that much of the details of the commission would be kept out of the public eye and that of Congress. The task force members were unknown to Congress and the public during the early stages of the Grace Commission formation because when Congress asked for the membership of the task forces, their request was denied. Concerning these difficulties of accessing

---

[132] Peter Ajemian and Joan Claybrook, *Deceiving The Public: The Story Behind J. Peter Grace And His Campaign*, Washington, D.C.: Public Citizen, 1985, 13.

[133] *President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency*, August 31, 1983, vii-ix.

task force information, U.S. Representative William Ford said, "It is as if we were trying to get access to our first-strike plans for an atomic war."[134] Additionally, Reagan structured the commission in a way that "insulate[d] the Grace Commission from public disclosure, conflict of interest laws, and the obligations of the Federal Advisory Committee Act."[135] Accordingly, "the commission was structured by the White House so that members could spend less than 60 days on its activities, and thus avoid having to file public financial disclosure statements."[136] This lack of transparency indicated a strong desire on the Reagan administration's part to keep task force information from getting into Congress' hands—suggesting there was something within the task force membership to hide.

J. Peter Grace assigned numerous employees of large oil and chemical companies to the EPA cost control survey task force. The rationale behind bringing in these private sector volunteers was that their experience in EPA-regulated fields would yield an enhanced and specialized understanding of EPA operations and purpose. For example, a chemical company executive would have a deep understanding of the chemical industry, as well as experience in managing chemical waste according to government regulation. Therefore, their recommendations to the EPA would arguably have a stronger basis in experience than one who had worked for the government their whole career, leading to better-informed recommendations. Although it was

---

[134] Andrew Schneider and David McCumber, *An Air That Kills: How the Asbestos Poisoning of Libby, Montana Uncovered a National Scandal*, New York: G.P. Putnam's Sons, 2004, 194.

[135] James Packard Love, "A Critique of the President's Private Sector Survey on Cost Control," In *Grace Commission Recommendations: Hearings Before the Senate Finance Committee*, 98th Cong., 2d Sess. (1984), 144.

[136] Ajemian and Claybrook, *Deceiving The Public*, 12.

easy for the Commission to justify bringing specialized private sector chemical and oil experts into this public sector advising role on the Grace Commission, these individuals represented companies entangled in cases similar to that of W.R. Grace & Co.'s Libby crisis. A number of the EPA task force corporations represented were simultaneously being investigated by the EPA for violations of EPA-enforced environmental acts, according to Grace Commission critic, James Packard Love (Figure 3). Within this record, Love identified a sampling of task force member companies, along with a list of their alleged environmental act violations. These acts included the Resource Conservation and Recovery Act (RCRA), the EPA Superfund (CERCLA), the Clean Water Act (CWA), the Clean Air Act (CAA), the Toxic Substance Control Act (TSCA) and the Federal Insecticide, Fungicide and Rodenticide Act. These corporations, including Union Carbide, Monsanto, and Dow Chemical, were subjects of ongoing EPA investigations and potentially faced heavy fines even as J. Peter Grace and his team offered them positions on this Reagan-backed commission. W.R. Grace itself later paid $54 million into the Superfund as part of its settlement for environmental violations in

EPA task force members with active enforcement cases under six environmental acts administered by EPA

Task force member	Violations alledged under the following environmental acts
American Cyanamid Company	RCRA CERCLA
Ashland Oil	RCRA CERCLA CWA CAA
BASF	RCRA
Dow Chemical	RCRA CERCLA CAA TSCA
El Paso Products Company	TSCA
Ford Motor Company	CERCLA
BF Goodrich	CERCLA TSCA
Great Lakes Chemical	CERCLA CWA
Martin Marietta	CAA
Monsanto	CERCLA CWA CAA
Nalco Chemical	CWA
National Distillers and Chem.	CERCLA
NCR Telecommunications	CERCLA
Owens-Illinois	CERCLA
Pennwalt	RCRA CWA
Phillips	CERCLA CAA
Shell	RCRA CERCLA CAA
Union Carbide	RCRA CERCLA CWA CAA TSCA

Abbreviations:

RCRA	Resource Conservation and Recovery Act (Hazardous Wastes)
CERCLA	Superfund
CWA	Clean Water Act
CAA	Clean Air Act
TSCA	Toxic Substances Control Act
FIFRA	Federal Insecticide, Fungicide and Rodenticide Act

Figure 3 - EPA task force members with active EPA enforcement cases

Source: James Packard Love, "A Critique of the President's Private Sector Survey on Cost Control," In Grace Commission Recommendations: Hearings Before the Senate Finance Committee, 98th Cong., 2d Sess. (1984), 146.

thirty-nine sites nationwide.[137] A position on the Grace Commission EPA task force had the potential to be a lifeline—one where policy-changing power and a deregulatory political environment provided an opportunity to cut the EPA's regulatory power.

<u>EPA Report Analysis</u>

The Grace Commission's recommendations pertaining to the EPA were designed to weaken enforcement, reduce resources, and shift federal EPA responsibilities to the states. Under the Clean Water Act (CWA) and the Resource Conservation and Recovery Act (RCRA), the EPA granted permits for hazardous waste management facilities and wastewater dischargers. Thousands of permits were filed annually, but the Grace Commission EPA task force asserted that the resources necessary to handle the permits were wasteful due to a backlog of permits requiring significant time to issue. Rather than recommending additional resources to address the backlog, under Grace Commission section *EPA 4: Permitting Process*, they recommended that the EPA amend the Resource Conservation and Recovery Act to allow for class permits, or standardized permits, for hazardous waste facilities similar in design and purpose.[138] While generalizing permits to fit a greater variety of situations would allow for more permits to be granted at a lesser expense, this would encourage less oversight over the specifics of each individual hazardous waste facility. Additionally, implementing this recommendation would benefit corporations looking to produce more hazardous waste by granting permission to do so more often and with less review, encouraging manufacturing activities that yielded such hazardous waste.

---

[137] United States Environmental Protection Agency, "Case Summary: EPA Receives over $54 Million from W.R. Grace Bankruptcy," epa.gov.

[138] *President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency*, August 31, 1983, 25-28.

Later portions of this permitting section advised certain amendments to the Clean Water Act. Recommendation EPA 4-3a, for example, sought to extend the deadline for companies to attain Best Attainable Technology Clean Water Act standards. Essentially, this would lengthen the time period where companies would be allowed to utilize outdated technology in processing water under the Clean Water Act. Companies with outdated and potentially substandard water processing technology had a greater potential for accidental water pollution than those with up to date, best attainable technology. Recommendation EPA 4-3b advised that the EPA remove time limitations on the National Pollutant Discharge Elimination System (NPDES) contracts.[139] EPA Region V Administrator Valdas Adamkus commented on this proposal on May 13, 1983, stating, “the recommendation made in item EPA-4-3b to eliminate a time restriction on all permits is absurd. This ignores the regulatory responsibility of EPA.”[140] Adamkus opposed this measure because, by granting toxic substance discharge permits indefinitely, this change would essentially remove further EPA oversight. Without the EPA’s periodic revisitation to previously approved toxic substance discharge permits, it would be difficult for them to monitor that the companies continued to follow safe procedures when discharging their toxic substances into the environment. Thus, with a perpetual permit, after day one of approval, a company would no longer have the expectation of periodic and consistent EPA oversight on their projects.

Grace Commission recommendation section *EPA 2: Delegation* involved delegating EPA responsibilities to the states to decentralize and lower federal regulation costs. The section specifically tied in with Reagan’s federalist agenda, where state governments would retain regulatory power rather than the federal government. The EPA task force found that delegation of

---

[139] *President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency*, August 31, 1983, 28.

[140] Love, "A Critique of the President's Private Sector Survey on Cost Control," 138.

EPA responsibilities to states would alter the EPA's role from a program enforcer to a national program manager, meaning that the power to enforce the national laws would be stripped from the national agency.[141] Adamkus also criticized this recommendation: "The report ignores the fact that EPA is responsible for assuring compliance with federal environmental laws. In addition, the report does not appear to be interested in maintaining the quality of environmental programs."[142] Adamkus reasoned that without the federal government's ability to ensure proper compliance with federal laws, the environmental laws in place would become obsolete as a law in place without consequences, assuming the states did not have the ability to enforce these regulations properly.

Directly undermining this effort to shift oversight to the states, the Grace Commission recommendations also ensured that the states would not have ample funding to conduct such enforcement at an effective level. Under recommendation section *EPA 3: State Assistance Program Grants*, EPA 3-1 would limit federal financial assistance to the states for environmental purposes, with these financial cuts meant to lower program requirements and expectations that the commission considered resource intensive.[143] By cutting federal financial assistance to the states and raising the expectation for them to carry out EPA enforcement, Grace's commission would have put the states in the difficult position of having to do more with less. Director of the EPA Office of Fiscal and Contracts Management Clarence E. Mahn wrote on July 21, 1983 that this cut in financial assistance was "arbitrary" and that the proposal "should not be adopted unless supported by analysis of requirements and the State's abilities to effectively operate with the

---

[141] *President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency*, August 31, 1983, 18.

[142] Love, "A Critique of the President's Private Sector Survey on Cost Control," 138.

[143] *President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency*, August 31, 1983, 20-23.

reduced funding."[144] Recommendation EPA 3-1 coupled with EPA 2-1 would increase state environmental enforcement responsibilities while cutting federal funding to the states. This combination indicates that these recommendations involved more than simply reducing federal expenditures by increasing state responsibilities; these policies encouraged a weakening of EPA environmental law enforcement by shifting this responsibility to those with less funding to carry it out.

Within recommendation section *EPA 6: Regional Laboratories,* the Grace Commission EPA task force advised in EPA 6-1 that the EPA consolidate their regional testing laboratories by closing and merging eight labs. This meant there would no longer be a lab in each region. The task force utilized a June 1982 report by the EPA Laboratory Consolidation Committee called the Finch Report, which was an internal EPA report on the possibilities of laboratory consolidation for cost savings. Despite using the Finch Report for ideas, "a significant difference in approach between the Finch study and the President's Private Sector Survey (PPSS) study is that the Finch Report assumed EPA would maintain one laboratory in each region; the PPSS group was not guided by the same assumption."[145] Despite the Grace Commission's reasoning that four percent of sample analyses required an immediate response, removal of eight regional labs would make it more difficult and timely to transport samples. Essentially, while implementing this recommendation may have been more cost-conscious, the consolidation would have the adverse effect of slowing down EPA investigations and hindering testing accessibility in the regions that lost testing laboratories.

---

[144] Love, "A Critique of the President's Private Sector Survey on Cost Control," 138.

[145] *President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency*, August 31, 1983, 39.

A Conflict of Interest

The secrecy surrounding task force membership and the EPA task force's self-serving recommendations suggested conflicts of interest amidst the ranks of the Grace Commission. The House Judiciary Committee reported on U.S. Government conflict of interest regulations in 1962, finding that:

> The proper operation of a democratic government requires that officials be independent and impartial; that Government decisions and policy be made in the proper channels of the governmental structure; ... and that the public have confidence in the integrity of its government. The attainment of one or more of these ends is impaired whenever there exists, or appears to exist an actual or potential conflict between the private interests of a Government employee and his duties as an official.[146]

According to this definition, J. Peter Grace's concurrent positions as the Chairman of the Grace Commission and as the CEO of W.R. Grace & Co. had strong potential to be a conflict of interest. When J. Peter Grace represented the public as an advisor to government on the Grace Commission, he presided over recommendations that had a weakening effect on the EPA as a regulator and as an enforcer of environmental policy. W.R. Grace's Zonolite coverup and their numerous other infractions of EPA-regulated environmental protection laws gave J. Peter Grace reason to deregulate the government and cut down the EPA. Alongside his own implication in overseeing a set of policy recommendations detrimental to efforts for environmental protection and outside the scope of the waste and efficiency-centered Grace Commission, Grace lacked independence from his private representation of W.R. Grace & Co. and its shareholders.

---

[146] Judiciary Committee, H.R. Rep. No. 87, 1st Sess. (1961).

J. Peter Grace denied any conflict of interest amongst the Grace Commission corporate members, saying “I can't imagine any conflict of interest at all... I've given an awful lot of thought to that issue, that we have people who are not dependent on the government for their business successes and are not looking for any favors. And they are just out there as individual entrepreneurs trying to do an effective job.”[147] Despite J. Peter Grace’s reassurances that his task force membership was not looking for favors for their business, they certainly had reason to make recommendations that could aid their companies and avoid consequence for their active EPA enforcement cases on alleged environmental violations.

As chairman of the Grace Commission, Grace was not technically a government employee, which blurred the lines between his private interests and his government service. Reagan and Grace considered Grace’s leadership to be government involvement on behalf of a citizen. This citizen-helping-the-government rhetoric ignored Grace’s inescapable ties to his family business, and his duty to W.R. Grace shareholders to maximize shareholder value. According to Milton Friedman’s popular shareholder value capitalism, the dominant, sole economic purpose of corporations was to maximize shareholder value at all costs.[148] According to this philosophy, J. Peter Grace could not abandon his shareholders and allow his profitable Zonolite division to take a hit from EPA investigations and fines.

While it is difficult to prove a direct correlation between W.R. Grace’s environmental atrocities and the Grace Commission’s recommendations with strong potential to weaken the EPA, J. Peter Grace was in a problematic position as an individual with a potential for direct influence

[147] Ajemian and Claybrook, *Deceiving The Public*, 13.

[148] Milton Friedman, "A Friedman doctrine-- The Social Responsibility Of Business Is to Increase Its Profits," *The New York Times*, September 13, 1970.

on a regulator, being in charge of a company in the industry being regulated. Thus, J. Peter Grace's tenure as chair of the Grace Commission was a clear breach of conflict of interest laws. Reflecting on the Grace Commission's EPA recommendations, James Packard Love stated, "It is inconceivable that the White House or Peter Grace made any effort whatsoever to avoid conflicts in the EPA recommendations."[149] The EPA recommendations were a focal point connecting W.R. Grace & Co. with the Grace Commission in a web of conflicts of interest between industry regulators and the businesses they were regulating.

An Epilogue

It is important to note that these recommendations, regardless of whatever malicious or self-serving intent laid in them, were in fact, recommendations; and it is unclear based on available source material which of these recommendations were implemented, revised, or abandoned in the years following the Grace Commission reports. Upon publishing the Grace Commission recommendations, J. Peter Grace's Citizens Against Waste lobbied for the implementation of the recommendations, but these efforts were balanced with concerned backlash from Ralph Nader's consumer protection groups and other citizens concerned about the repercussions of such recommendations. On October 28, 1985, Reagan conveyed that a large majority of the proposals were on the way to being implemented: "I've received a final report that shows we are going forward with over 80 percent—as a matter of fact, 83 percent of the commission's recommendations." A portion of the proposals required Congressional approval, and thus posed an additional obstacle for Reagan to implement. He continued, "Many have already been implemented; others included in the '86 budget; and a number will be proposed in the '87

[149] Love, "A Critique of the President's Private Sector Survey on Cost Control," 145.

budget…we have every intention of trying to implement as many of them as possible in the future."[150] These budgets did not specify which Grace Commission recommendations were implemented within them, yet Reagan assured in his Budget for Fiscal Year 1987 that his administration "put in place policies that reflect our commitment to reduce Federal Government intrusion in the private sector."[151] Regardless of whether or not the recommendations which would weaken the EPA's regulatory power were implemented as law, the EPA persisted in its environmental regulation of corporations amidst Reagan's deregulatory push. Yet it would not be until the early twenty-first century that the EPA held W.R. Grace accountable for its Zonolite scandal in Libby.

Following J. Peter Grace's appointment to the Grace Commission in 1982, Libby's Zonolite vermiculite workers remained in the dark concerning lawsuits against W.R. Grace & Co. These victims lacked the foresight to seek lawsuits against the company until the late 1980s, when local newspapers in Montana began to publicize lawsuits between W.R. Grace and the aggrieved spouses of sick or dead W.R. Grace employees. Dying Libby residents and mine workers began to figure out W.R. Grace's decades-long cover up and public awareness surfaced of links between Zonolite's asbestos dust and the disproportionately high lung-related deaths of Libby workers and residents.[152]

In 1986, the *Great Falls Tribune* of Great Falls, Montana, reported that Lloyd P. and Alice Maynard sued W.R. Grace & Co. for personal injuries from Lloyd working at the Zonolite

---

[150] Ronald Reagan, "Remarks on Receiving the Final Report of the President's Private Sector Survey on Cost Control in the Federal Government," Speech presented at Rose Garden at the White House, October 28, 1985, The American Presidency Project.

[151] Executive Office of the President Office of Management and Budget, *Budget of the United States Government Fiscal Year 1987*, February 5, 1986, M-4.

[152] *Great Falls Tribune* (Great Falls, MT), "Federal Court," October 4, 1986, Litigation, 10.

manufacturing plant from 1957 to 1975.[153] Maynard claimed that he was "kept ignorant of a life-threatening risk" while working and developed restrictive lung disease after his exposure to and inhalation of vermiculite and asbestos dust. In 1987, Ruben Fellenberg of Libby recounted that after 29 years working at Zonolite, he knew of "a few old miners who are now on oxygen 24 hours a day due to their exposure to tremolite."[154] Despite Fellenberg's accusation, the article stated the importance of Zonolite to Libby's economy as well as the efforts that had been made in recent years to make safety improvements to mining operations. In 1988, *The Missoulian* of Missoula, Montana, reported that Fellenberg followed up on his commentary and, along with twenty-four others, settled out of court for injuries related to their Zonolite asbestos exposure.[155] All of these plaintiffs claimed the company continually told them that the dust was harmless. Referencing asbestosis, the wife of a forty-year employee of the mine said, "We really didn't know he had it…They took X-rays every year, but they just kept telling us that there was 'no problem, no problem.'"[156] These local lawsuits were an important first step in taking legal action against W.R. Grace & Co., yet the settlements required no admission of guilt by the company, and all related documents and studies remained confidential.

Much of the evidence that implicated W.R. Grace in their knowledge of Zonolite's danger was not widely available to the public until Andrew Schneider of the *Seattle Post-Intelligencer* exposed Libby's asbestos crisis to a national audience in 1999. This set of stories, titled "Uncivil Action: A Town Left to Die" catapulted W.R. Grace & Co. into high-profile legal

---

[153] *Great Falls Tribune* (Great Falls, MT), "Federal Court," 10.

[154] Brett French, "Libby Mine Forms Core of Economy," *Ravalli Republic* (Hamilton, MT), June 19, 1987, 1.

[155] Carol Pfeiffer, "Lawsuits Allege Deadly Conditions at Mine in Libby," *The Missoulian* (Missoula, MT), September 11, 1988, 1.

[156] Pfeiffer, "Lawsuits Allege Deadly Conditions at Mine in Libby," 1.

defense and smothered them in subpoenas for previously confidential information and studies, setting them up for an impending bankruptcy. With national attention on Libby, approximately 26,000 W.R. Grace employees, Libby residents, and others exposed to Libby's vermiculite around the country filed a class-action lawsuit, and the EPA conducted a more thorough investigation alongside it.[157] W.R. Grace & Co. was found guilty by a jury and had to pay a significant penalty for their criminal act of hiding their knowledge of the dangers of asbestos in their products. The numerous class action lawsuit payouts to asbestos victims and the EPA for cleanup financially crippled W.R. Grace & Co. which then filed Chapter 11 bankruptcy in 2001.[158] Since their numerous lawsuits pertaining to environmental hazards, W.R. Grace has restructured, hoping to leave their tarnished past behind them.

[157] Charles S. Johnson, "Class-action suit filed over Libby asbestos," *The Missoulian* (Missoula, MT), February 1, 2000.

[158] United States Environmental Protection Agency, "Case Summary: EPA Receives over $54 Million from W.R. Grace Bankruptcy," epa.gov.

CONCLUSION

Twenty-five years after Woodrow Wilson's groundbreaking article gave birth to the science of public administration, Wilson revisited the issue in his 1912 article, "The New Meaning of Government." In the former article, Wilson advocated for bringing management science into government in order to decrease government inefficiency and wastefulness and maximize dollars spent on the American citizen. In the latter, he acknowledged that government involvement was extending beyond the scope of politicians, or statesmen, to "minds and energies of every kind."[159] Wilson supported the opening of political involvement to all parties beyond the statesman, including financiers, engineers, lawyers, and manufacturers to avoid government control by a small governing class. Yet even as he encouraged private citizen involvement, he warned that the statesmen involved should "seek to serve civilization and humanity, not a party or any selfish program."[160] Wilson had the foresight to know that along with the growing inclusion of outside voices in government would come special interests seeking benefits for their own interests, rather than for the entirety of the American citizenry.

J. Peter Grace's private sector foray into government affairs as Grace Commission Chairman was a logical outgrowth of Wilson's call for private citizen involvement. Yet Grace was also a personification of Wilson's fears, taking advantage of public sector influence to advance

---

[159] Woodrow Wilson, "The New Meaning of Government," *Woman's Home Companion*, November 1912.

[160] Woodrow Wilson, "The New Meaning of Government."

private interests against regulations. Citizens had no role in selecting Grace, nor the power to remove him with votes. Thus, Grace held no democratic accountability for his actions, and therefore could advance the corporate interests of W.R. Grace & Co. without the need to please voters. Perhaps this corporate power in the public realm was exactly the tool Reagan sought to dismantle big government. For Reagan, the appeal of applying a successful businessman's corporate concerns to government operations outweighed any public detriments associated with Grace's historically proven inclination to advance the interests of W.R. Grace & Co. at all costs.

In the closing remarks of his critique of the Grace Commission, James Packard Love stated that "the legacy of the Grace Commission is likely to be a bitter one, of false promises in terms of budget savings, and hidden costs in terms of the quality of life as programs that help the poor, the environment, consumers and workers come under attack."[161] While Love's assessment turned out to be accurate, it is also important to examine the factors that led the Grace Commission to produce such false promises and hidden costs. The Grace Commission legacy remains an example of what could occur when empowering the private sector to engage directly in the public sector and, thus, blurring the lines of responsibility between these inherently different groups. When businessmen were placed in a position of responsibility to both the American citizenry (the constituents of the public sector), and to their own shareholders (the constituents of the private sector), they were inevitably forced to choose one party's interests over the other. Under neoliberalism, markets reign supreme to decision making, and thus, the businessmen's interests would systemically follow where their funding comes from. In the case of Grace, the businessmen were not volunteers, but were funded by their corporate employers. While this was touted as a cost-saving advantage to

---

[161] James Packard Love, "A Critique of the President's Private Sector Survey on Cost Control," In *Grace Commission Recommendations: Hearings Before the Senate Finance Committee*, 98th Cong., 2d Sess. (1984), 149.

taxpayers, it helped to reinforce the commission's conflict of interest. Had task force members left their private sector jobs and worked for the commission at government expense, they might have had a marketized incentive to serve government constituents in their public sector advising role, lessening the conflict of interest.

While Grace identified the many similarities between government and business that would justify a private sector businessman's advice pertaining to public sector matters, the government's duties go beyond a balance sheet. The government is meant to serve the U.S. citizens holistically. Government programs and bodies do not solely focus solely on a business' purpose of maximizing profit, as Reagan and Grace's pomp surrounding the Grace Commission's mission indicated. Harvey B. Storch, an external senior analyst of W.R. Grace, skeptically pondered the Grace Commission's mission in a 1985 interview: "Peter runs Grace to make a profit [but] you don't run the Department of Commerce to make a profit…You don't just go out and get the lowest bidder. You have to spread it around, you have to take into consideration minorities, etc. Businessmen don't really grasp this."[162] Storch's assessment of the situation reflected not only the need for government to focus on social needs, but also reflected that during this time where shareholder value capitalism was a dominant corporate philosophy, the private sector did not focus on issues beyond maximizing profit—and this was coming from an experienced analyst whose job it was to know corporations intimately. Building on the differentiation of public and private interests, Charles T. Goodsell, a public administration professor, assessed that "proposals to cap entitlement benefits or tax certain benefits reflect a massive political naivete. Other deficient suggestions make economic sense but ignore nonfinancial public values."[163] Goodsell drew attention to the

---

[162] Phil McCombs, "Waste Meets the Amazing Grace," *The Washington Post*, February 28, 1985.

[163] Charles T. Goodsell, "The Grace Commission: Seeking Efficiency for the Whole People?" *Public Administration Review* 44, no. 3 (1984): 199.

political importance of "nonfinancial public values," explicitly differentiating between what makes financial sense and constitutes a sense of public value. It is the sense of nonfinancial public values that is eroded with the conflation of private interests and public interests.

As political philosopher Michael J. Sandel said in *What Money Cannot Buy: The Moral Limits of Markets*: "Markets leave out morals."[164] The primacy of markets in the neoliberal ideology precludes social welfare and a sense of nonfinancial public values that Goodsell identified as integral to a well-run government and society. Under neoliberalism and a shareholder value framework for the private sector, marketization espouses economic efficiency and profit maximization for the benefit of shareholders, who share a purely economic interest in the corporate entity. Thus, the private sector engages in efficient business activities to maximize revenues and minimize costs. Problematically, the economic end of financially benefitting the shareholders is often made to justify any means by which to arrive at this state, even if these profits come at the expense of long-term sustainability, as W.R. Grace & Co.'s bankruptcy indicated. Despite marketization's purely economic benefits that suit a shareholder-oriented private sector well, there are areas where market logics should not pervade, due to their potential to corrupt and its unsustainable short-termism. Government, on the other hand, does not have a duty to shareholders with an economic interest, nor does it focus on short-term profitmaking. Instead, its constitutional duties spread beyond shareholders and beyond economic interest, "to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity."[165] These constitutional duties demand more for citizens than just economic prosperity, calling for common

---

[164] Michael J. Sandel, *What Money Can't Buy: The Moral Limits of Markets*. New York: Farrar, Straus and Giroux, 2013.

[165] United States Constitution: Preamble.

defense and promotion of the general welfare—duties that can be fulfilled with provisions to curb poverty, hunger, and the dangers of environmental and consumer hazards.

By involving private sector volunteers in the historied government goal of management efficiency, Reagan promoted the neoliberal and shareholder value-oriented ideologies within government's structure. By enlisting corporate managers and executives with a duty only to their shareholders to advise government on how its functions could be improved, Reagan empowered these individuals to apply their shareholder value principles to government, and make government more businesslike, despite their inherently different purposes and constituents. Reagan's Grace Commission enlisted businesspeople with an inherent and almost inseparable conflict of interest who economized government's fulfillment of its duties to its citizens with their recommendations to root out government waste and inefficiency. This economic marketization of government functions resulted in many deregulatory and government-shrinking policy recommendations, corrupting the government's sworn duty to general welfare.

The negative implications of market economies' reliance on demand, or more aptly, self-interest, manifested in the case of J. Peter Grace. Grace, in leading the efforts to bring market efficiency principles to government, simultaneously recommended weakening the EPA's regulatory role as part of its cost cutting. This being the same government regulator looking into W.R. Grace's Zonolite disaster, Grace's conflict of interest posed a clear and deadly threat to the general welfare of the government's constituents. Grace's Zonolite secret-keeping helped drive W.R. Grace earnings so Grace could fulfill his duty to W.R. Grace shareholders. At the behest of Ronald Reagan, J. Peter Grace took the job to run the government like a business, for the benefit of his own business, and in doing so, Grace managed to cut government expense, at the public's expense.

BIBLIOGRAPHY

Ajemian, Peter, and Joan Claybrook. *Deceiving The Public: The Story Behind J. Peter Grace And His Campaign*. Washington, D.C.: Public Citizen, 1985.

"Ambros, Otto / W.R. Grace and Company." In *Ronald Reagan Presidential Library & Museum*. https://www.reaganlibrary.gov/archives/topic-guide/ambros-otto-wr-grace-and-company.

"Announcement of the Establishment and Membership of the Cabinet Council on Management and Administration." News release. September 22, 1982. Accessed March 6, 2021. https://www.reaganlibrary.gov/archives/speech/announcement-establishment-and-membership-cabinet-council-management-and.

Baber, Walter F. "Privatizing Public Management: The Grace Commission and Its Critics." Proceedings of the Academy of Political Science 36, no. 3 (1987): 153-63. Accessed December 1, 2020. doi:10.2307/1174105.

Bernstein, Marver H. "The Presidency and Management Improvement." *Law and Contemporary Problems* 35 (Summer 1970): 505-18. Accessed January 10, 2021. https://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=3298&context=lcp.

Berry, John F. "J. Peter Grace: Outspoken Reagan Supporter." *The Washington Post*, December 6, 1981. Accessed December 1, 2020. https://www.washingtonpost.com/archive/business/1981/12/06/j-peter-grace-outspoken-reagan-supporter/eceb3be9-2018-418e-973f-14c9a58520b7/.

Carson, Rachel. *Silent Spring*. 50th ed. Boston, MA: Mariner Books/Houghton Mifflin, 2012.

Center for Study of Responsive Law. Accessed February 10, 2021. https://csrl.org/about/.

"A Complete List of the Grace Commission's 36 Task Force Reports and 11 Special Reports." In *Grace Commission*. Washington, D.C.: Library of Congress Congressional Research Service, 1985. Accessed March 29, 2021. https://digital.library.unt.edu/ark:/67531/metacrs9044/m1/1/high_res_d/IP0281G.pdf.

The Daily Inter Lake (Kalispell, MT). "Robert L. Field." October 4, 1955, Obituaries, 11. Accessed February 11, 2021. https://www.newspapers.com/image/22490272.

Egilman, David, Susanna Rankin Bohme, Lelia M. Menéndez, and John Zorabedian. "Chapter 2: The Basis of Bad Science." In *Corporate Ties That Bind: An Examination of Corporate*

Manipulation and Vested Interest in Public Health, edited by Martin J. Walker. New York, NY: Skyhorse Publishing, 2017.

Exec. Order No. 12369, 47 Fed. Reg. 28899 (June 30, 1982). https://www.presidency.ucsb.edu/documents/executive-order-12369-presidents-private-sector-survey-cost-control-the-federal-government.

Executive Office of the President Office of Management and Budget. *Budget of the United States Government Fiscal Year 1987*. February 5, 1986. Accessed April 21, 2021. https://fraser.stlouisfed.org/title/budget-united-states-government-54/fiscal-year-1987-18993.

Exec. Order No. 12301, 46 Fed. Reg. 19211 (Mar. 30, 1981). Accessed March 6, 2021. https://www.reaganlibrary.gov/archives/speech/executive-order-12301-integrity-and-efficiency-federal-programs.

Fatsis, Stefan. "W.R. Grace Pleads Guilty To Concealing Chemical Use From EPA." *The Associated Press*, May 31, 1988. Accessed March 21, 2021. https://apnews.com/article/ffd8e19eb4464757daea597a494c4977.

Foreign Operations Administration, An Economic Program for the Americas: Report of the International Development Advisory Board, Rep. (Sept. 1954).

Fredrickson, Leif, Christopher Sellers, Lindsey Dillon, Jennifer Liss Ohayon, Nicholas Shapiro, Marianne Sullivan, Stephen Bocking, Phil Brown, Vanessa de la Rosa, Jill Harrison, Sara Johns, Katherine Kulik, Rebecca Lave, Michelle Murphy, Liza Piper, Lauren Richter, and Sara Wylie. "History of US Presidential Assaults on Modern Environmental Health Protection." *American Journal of Public Health* 108, no. S2 (April 2018): S95-S103. Accessed March 17, 2021. https://doi.org/10.2105/AJPH.2018.304396.

French, Brett. "Libby Mine Forms Core of Economy." *Ravalli Republic* (Hamilton, MT), June 19, 1987, 1. Accessed February 11, 1987. https://www.newspapers.com/image/528172506.

Garner, Sallee. "The Grace Commission: A Selected Bibliography." *The GAO Review* 19, no. 4 (Fall 1984): 25-28. Accessed January 10, 2021. https://play.google.com/books/reader?id=I66JxqYhX3cC&hl=en&pg=GBS.PP7.

Goodsell, Charles T. "The Grace Commission: Seeking Efficiency for the Whole People?" *Public Administration Review* 44, no. 3 (1984): 196-204. Accessed December 1, 2020. doi:10.2307/975482.

Grace, J. Peter. "United States Business Responds." *The Annals of the American Academy of Political and Social Science* 334 (1961): 143-47. Accessed December 6, 2020. http://www.jstor.org/stable/1034596.

———. "The Problem of Big Government: Are We Losing Our Marbles?" In *The Federal Deficit*, compiled by Andrew C. Kimmens, 93-103. New York: H.W. Wilson Company, 1985. https://archive.org/details/federaldeficit0000unse/page/n7/mode/2up.

———. "The Private Investor in Latin America Today." *Proceedings of the Academy of Political Science* 27, no. 4 (1964): 42-51. Accessed December 6, 2020. doi:10.2307/1173308.

———. *Charting a Course for America's New Beginning*. N.p.: American Legislative Exchange Council, 1981.

———. "The Problem of Big Government." *Hillsdale College: Imprimis* 17, no. 1 (January 1988). Accessed December 6, 2020. https://imprimis.hillsdale.edu/wp-content/uploads/2016/11/The-Problem-of-Big-Government-January-1988.pdf.

———. *Burning Money: The Waste of Your Tax Dollars*. New York, NY: Macmillan, 1984. https://archive.org/details/burningmoneywast00grac.

Grace Commission Recommendations: Hearings Before the Senate Finance Committee, 98th Cong., 2d Sess. (1984). Accessed December 1, 2020. https://www.finance.senate.gov/imo/media/doc/HRG98-744.pdf.

Great Falls Tribune (Great Falls, MT). "Federal Court." October 4, 1986, Litigation, 10. Accessed February 11, 2021. https://www.newspapers.com/image/240859233.

Harriss, C. Lowell. "Organization and Operation of the Grace Commission." Proceedings of the Academy of Political Science 35, no. 4 (1985): 27-37. Accessed December 1, 2020. doi:10.2307/1173931.

Hartle, Terry W. "Sisyphus Revisited: Running the Government Like a Business." *Public Administration Review.* Mar/Apr 1985, Vol. 45 Issue 2, p341-351. 11p. DOI: 10.2307/976156.

Hedgpeth, Dana. "W.R. Grace Mixes a Tarnished Past With an Executive Intent on a Different Future." *The Washington Post*, July 24, 2000. https://www.washingtonpost.com/archive/business/2000/07/24/wr-grace-mixes-a-tarnished-past-with-an-executive-intent-on-a-different-future/12cb5012-dba8-4efd-9504-79ad8c9739d4/.

Johnson, Charles S. "Class-action suit filed over Libby asbestos." *The Missoulian* (Missoula, MT), February 1, 2000. Accessed March 17, 2021. https://missoulian.com/class-action-suit-filed-over-libby-asbestos/article_3cd4295a-e208-5558-a0fd-78e22dd65500.html.

Judiciary Committee, H.R. Rep. No. 87, 1st Sess. (1961) https://fas.org/sgp/crs/misc/R43365.pdf.

Kennedy, John F. "Remarks to Members of the Commerce Committee for the Alliance for Progress." Speech presented at Rose Garden at the White House, May 9, 1962. The

American Presidency Project. https://www.presidency.ucsb.edu/documents/remarks-members-the-commerce-committee-for-the-alliance-for-progress.

Love, James Packard. "A Critique of the President's Private Sector Survey on Cost Control." In *Grace Commission Recommendations: Hearings Before the Senate Finance Committee*, 98th Cong., 2d Sess. (1984). Accessed December 1, 2020. https://www.finance.senate.gov/imo/media/doc/HRG98-744.pdf.

McCombs, Phil. "Waste Meets the Amazing Grace." *The Washington Post*, February 28, 1985. Accessed December 27, 2020. https://www.washingtonpost.com/archive/lifestyle/1985/02/28/waste-meets-the-amazing-grace/1a6d6144-2e2a-4304-8a4b-7e827ae52316/.

Moritz, Charles. "Grace, J(oseph) Peter (Jr.)." In *Current Biography Yearbook, 1960*, 162-64. Accessed December 7, 2020. https://archive.org/details/currentbiograph00mori/page/162/mode/2up.

Nice, David C. "State Support for Constitutional Balanced Budget Requirements." The Journal of Politics 48, no. 1 (1986): 134-42. Accessed March 28, 2021. http://www.jstor.org/stable/2130929.

Office of Inspector General. *EPA's Actions Concerning Asbestos-Contaminated Vermiculite in Libby, Montana*. Report no. 2001-S-7. March 31, 2001. https://www.epa.gov/sites/production/files/2015-12/documents/montana.pdf.

Office of Management and Budget. "Table 1.1—Summary of Receipts, Outlays, and Surpluses or Deficits (-): 1789–2025." WH.gov. Accessed February 16, 2021. https://www.whitehouse.gov/omb/historical-tables/.

Peacock, Andrea, and Jeff Bridges. *Wasting Libby: The True Story of How the WR Grace Corporation Left a Montana Town to Die (and Got Away with It)*. Petrolia, CA: CounterPunch, 2010.

Pfeiffer, Carol. "Lawsuits Allege Deadly Conditions at Mine in Libby." *The Missoulian* (Missoula, MT), September 11, 1988, 1. Accessed February 11, 1988. https://www.newspapers.com/image/351794555.

President's Private Sector Survey on Cost Control: Report of General Accounting Office: Hearings Before the Subcommittee on Investigations of the Committee on Post Office and Civil Service, 97th Cong., 2d Sess. (1982). Accessed December 1, 2020. https://babel.hathitrust.org/cgi/pt?id=uc1.aa0000606608&view=1up&seq=387.

President's Private Sector Survey on Cost Control: Report on the Environmental Protection Agency, the Small Business Administration and the Federal Emergency Management Agency. August 31, 1983. https://hdl.handle.net/2027/mdp.39015015459582.

President's Private Sector Survey on Cost Control: Report on Federal Construction Management. August 31, 1983. https://hdl.handle.net/2027/mdp.39015015134821.

Reagan, Ronald. "Remarks at a White House Briefing for Administration Officials on Federal Management Reform." Speech presented at East Room at the White House, August 2, 1983. The American Presidency Project. https://www.presidency.ucsb.edu/documents/remarks-white-house-briefing-for-administration-officials-federal-management-reform.

———. "Remarks at a White House Luncheon for the Chairman and Executive Committee of the Private Sector Survey on Cost Control in the Federal Government." Speech presented at State Dining Room at the White House, March 10, 1982. The American Presidency Project. https://www.presidency.ucsb.edu/documents/remarks-white-house-luncheon-for-the-chairman-and-executive-committee-the-private-sector.

———. "Remarks at a White House Meeting With Members of the President's Private Sector Survey on Cost Control in the Federal Government." Speech presented at Room 450 of the Old Executive Office Building, February 25, 1985. The American Presidency Project. https://www.presidency.ucsb.edu/documents/remarks-white-house-meeting-with-members-the-presidents-private-sector-survey-cost-control.

———. "Remarks at the Los Angeles County, California, Board of Supervisors' Town Meeting." Speech presented at Dorothy Chandler Pavilion Auditorium, Los Angeles, CA, March 3, 1982. The American Presidency Project. https://www.presidency.ucsb.edu/documents/remarks-the-los-angeles-county-california-board-supervisors-town-meeting.

———. "Remarks on Receiving the Final Report of the President's Private Sector Survey on Cost Control in the Federal Government." Speech presented at Rose Garden at the White House, October 28, 1985. The American Presidency Project. https://www.presidency.ucsb.edu/documents/remarks-receiving-the-final-report-the-presidents-private-sector-survey-cost-control-the-0.

Sandel, Michael J. *What Money Can't Buy: The Moral Limits of Markets*. New York: Farrar, Straus and Giroux, 2013.

The Sandusky Register (Sandusky, OH). Advertisement. October 3, 1956. Accessed March 29, 2021. https://www.newspapers.com/image/4650288.

Schneider, Andrew, and David McCumber. *An Air That Kills: How the Asbestos Poisoning of Libby, Montana Uncovered a National Scandal*. New York: G.P. Putnam's Sons, 2004.

The United States Congress Congressional Budget Office & General Accounting Office. *Analysis of the Grace Commission's Major Proposals for Cost Control*. February 1984. https://www.gao.gov/assets/200/190441.pdf.

United States Constitution. https://www.archives.gov/founding-docs/constitution-transcript.

United States Department of Health & Human Services. "Asbestos-Related Lung Diseases." National Heart, Lung, and Blood Institute. Accessed April 18, 2021. https://www.nhlbi.nih.gov/health-topics/asbestos-related-lung-diseases.

United States Environmental Protection Agency. "Case Summary: EPA Receives over $54 Million from W.R. Grace Bankruptcy." epa.gov. Accessed December 27, 2020. https://www.epa.gov/enforcement/case-summary-epa-receives-over-54-million-wr-grace-bankruptcy#company.

———. "Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and Federal Facilities." EPA Enforcement. Accessed March 25, 2021. https://www.epa.gov/enforcement/comprehensive-environmental-response-compensation-and-liability-act-cercla-and-federal.

———. "The Origins of EPA." EPA History. Accessed January 10, 2021. https://www.epa.gov/history/origins-epa.

———. "Protect Your Family from Asbestos-Contaminated Vermiculite Insulation." EPA.gov. Accessed February 3, 2021. https://www.epa.gov/asbestos/protect-your-family-asbestos-contaminated-vermiculite-insulation.

———. "Superfund Site: Libby Asbestos Site." cumulis.epa.gov. Accessed December 27, 2020. https://cumulis.epa.gov/supercpad/cursites/csitinfo.cfm?id=0801744.

Williams, Kathy and Robert L. Shultis. "J. Peter Grace, the President's Chief Cost Cutter." *Management Accounting (Pre-1986),* June 1984, 22, https://www-proquest-com.providence.idm.oclc.org/magazines/j-peter-grace-presidents-chief-cost-cutter/docview/198577669/se-2?accountid=13320.

Wilson, Woodrow. "The New Meaning of Government." Public Administration Review 44, no. 3 (1984): 193-95. Accessed March 4, 2021. doi:10.2307/975481.

———. "The Study of Administration." *Political Science Quarterly* 2, no. 2 (1887): 197-222. Accessed December 30, 2020. doi:10.2307/2139277.

W.R. Grace & Co. "A Story of Innovation and Change." Grace History. Accessed April 10, 2021. https://grace.com/en-us/history.