

## **Economic insecurity and power abuses: The new legacy of EU environmental bureaucracy**

Why has it become so difficult in Europe to implement fixed capital investments such as industrial facilities or infrastructure projects? How is it that the very people who produce our prosperity in the real economy have become the focus of bureaucratic excess?

A new study by McGraw-Hill science author **Esa Eranti**, *Sustainable Development or The Will to Power? The European Union and Finland Pursuing Environmental Policy*, considers these questions. The core issue arises from the buildup of bureaucratic power in the environmental sphere and what psychologists call “cognitive dissonance,” an affliction that prevents the policy-making elite from coming to grips with their own costly errors to society.

At first sight, Finland, with a dynamic, export-driven economy, excellent basic school system, and model social democracy, appears a poor candidate for a policy failure study. Yet, argues Eranti, a civil engineer with a long career in international investment projects, Finland’s economy has been crippled by ideological environmental meddling. Since Finland’s EU accession in 1995, the environmental regulatory burden has expanded ten-fold.

Capricious behavior of environmental officials has been a major factor in doubling investor return-on-investment demands in Finland to levels typical for developing countries. Observes Eranti: “By leaving those engaged in productive activities at the mercy of an unchecked environmental bureaucracy, Europe, with all its clean technologies, is nevertheless pushing jobs and prosperity elsewhere with both hands.”

Among the many real-life examples of regulation gone wild, the book opens with the decade-long dispute over a minor dredging permit that killed a major project to develop the Naantali port area. Naantali’s city fathers and the private port developers found themselves caught in a limbo over stirring up tributyltin (TBT) in the dredging area surface sediments. The amount of TBT at issue was the equivalent to what at the time was released by an ordinary ocean liner over a two-hour period.

The book’s lighter parts include the ruling by an EU court struggling to decide whether crushed granite is “waste” or a “by-product” under EU law. There is also an analysis of the disastrous attempt by the city of Kauniainen, a wealthy enclave near Helsinki, to remediate a small weed-choked lake using the principles of sustainable development.

Finally, there is the case of environmental politicians and officials consolidating their power by granting the EU Habitat Directive’s highest protection status to 300,000 flying squirrels. Protecting this common denizen of the Siberian taiga has been ficklely exploited to block or relocate infrastructure projects, interfere with community development, and partially

condemn private forestlands. Moreover, the fair-market value of this administrative taking amounts to billions of euros.

Eranti came upon the subject of this book by accident. “Finland likes to be known for its engineering excellence, rationality, and justice. But I saw my clients, colleagues, and rural people being forced to submit to unreasonable demands from the authorities across the entire spectrum of environmental issues. This behavior defied expectations of rational and fair treatment from officials, so I turned to social psychology and power theory for answers.”

The 1987 Brundtland Commission Report, *Our Common Future*, introduced the term “sustainable development” into the popular lexicon. “Sustainable development” and related terms have today become ideological buzz words in public sector pronouncements. They are more likely to signal political correctness or manipulation than carry a specific meaning.

Eranti proposes a simple “eco-scale” formula, similar to the Richter scale, for determining environmental impact values. One can quickly calculate the relative size of the impact of any activity or condition affecting the environment. As it turns out, most human-caused environmental impacts are quite minor and localized. In many cases, they even confer a net benefit. Seen from a proportional perspective, the biggest environmental challenge by far facing Europe (ruling out a collision with a large asteroid or nuclear war) is climate change.

The author also suggests fresh approaches to curb bureaucratic excess and to reestablish the link between power and accountability. One involves splitting the EU Parliament and the EU Commission into smaller bodies. The new independent bodies located in Strasbourg would review of policy outcomes regularly to rid the system of harmful or extraneous policies, legislation, and bureaucracy.

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