Constructing certainty through public budgeting: budgetary responses to the COVID-19 pandemic in Finland, Norway and Sweden

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Abstract

Purpose – This paper provides a reflective comparison of the budgetary implications of the COVID-19 pandemic for three Nordic countries: Finland, Norway and Sweden.

Design/methodology/approach – By drawing from the notion of ambiguity and constructions of certainty, this study analyzes the most relevant budgetary allocations and packages implemented by the governments of Finland, Norway and Sweden in response to the COVID-19 crisis using empirical documentary data.

Findings – Influenced by the need to save citizens’ lives and protect the economy, the three countries have interpreted the COVID-19 threat in different ways. While Finland and Norway seem to be fighting a war against the virus, Sweden appears to view COVID-19 as an exceptionally difficult flu. These different perspectives are reflected in the strategies and budgetary responses implemented in the three countries.

Originality/value – By elaborating on the ambiguities of reality, causality and intentionality, this paper shows how the budgeting mindset aimed at creating certainties among citizens varies among the Nordic countries, which are generally assumed to be similar.

Keywords Public budgeting, COVID-19, Certainty, Ambiguity, Comparative study

Paper type Research paper

1. Introduction and research design

On January 30, 2020, the World Health Organization (WHO) categorized the outbreak of the COVID-19 virus as an international public-health emergency. Subsequently, on March 11, 2020, the WHO declared the outbreak a pandemic. Systems and societies around the world have been dramatically affected by COVID-19, and governments have introduced significant restrictions on human movement to constrain the outbreak. These policies have included quarantines, travel restrictions and social distancing requirements as well as closures of national borders, schools, universities and restaurants. In sum, national governments have adopted extremely exceptional measures to safeguard their citizens, businesses and institutions (see also Andrew et al., 2020).

Governments are in crisis mode, and the situation has given rise to significant uncertainties as the duration of the crisis remains unknown and unpredictable. Furthermore,
governments will most likely need to find a new cyclical policy approach as they respond to COVID-19 peaks. Tough restrictions will be essential at certain stages of the crisis, while those restrictions can be eased during other stages. In general, complacency could be problematic for governmental health policies.

This paper explores the early stages of the COVID-19 pandemic from a particular point of view. We focus on public budgets and budgeting, where the most fundamental and complicated challenges are determining which types of resources are needed to cope with the pandemic, and then using public budgets to contribute to society’s short- and long-term financial, social and ecological sustainability (e.g. Grossi et al., 2018; Schick, 2003; Wildawsky, 1978). Given the deteriorating balance between governments’ resources and the evolving needs of the public in recent decades, this budgeting effort takes place in the extremely complicated environment of public policy-making.

This paper provides a reflective comparison of the budgetary implications of the COVID-19 pandemic for three Nordic countries: Finland, Norway and Sweden. We use publicly available empirical data gathered from governmental websites, reports and newspapers to analyze the most relevant budgetary allocations and packages implemented by the governments of these countries in response to the crisis. Moreover, we provide contextual insights into why these packages, especially the business packages, seem to follow a certain pattern. In addition, we discuss the different strategies the three governments have adopted for constructing certainties among their citizens and how these strategies are influenced by the inherent ambiguities of the budgeting process.

Our main theoretical ambition is to conceptualize public budgeting as an instrument for constructing certainties that is itself characterized by a number of ambiguities (March, 1978, 1987). Public budgeting is an instrument characterized by certain assumptions, limitations, biases and politico-administrative influences (Schick, 1988; Wildawsky, 1978). Even in “normal” times, budgeting is subject to a variety of biases (Karila et al., 2020). Furthermore, budgeting serves as a powerful instrument in modern society, as made evident by the unprecedented crisis. It is possible for governments to alleviate uncertainties through budgeting by mobilizing resources from different parts of society and by providing a sense of unification and comfort. This is an important aspect of any government activity during a crisis. However, our understanding of the most successful methods of certainty construction is, by no means, clear (Marginson and Ogden, 2005). This paper discusses the ways in which the three governments attempted to increase certainty through budgeting by dealing with budgeting’s inherent ambiguities.

2. Creating certainty through ambiguous budgets

Public budgeting is a mechanism used to prioritize distinct values in open, democratic societies. Governments attempt to construct certainties among their citizens by building trust. As a crucial element of public trust and certainty, budgeting serves several important purposes in achieving political, fiscal, economic, re-distributive, managerial and accountability goals. Each purpose has important implications for how the actors, processes and rationalities of a government’s budgetary system are perceived (Sicilia and Steccolini, 2017; Wildawsky, 1978). A budget represents a plan. It can also be used to manage and control governmental activities.

In creating certainty among citizens, budgeting activities face important ambiguities – the ambiguities of reality, causality and intentionality (March, 1987). The ambiguity of reality refers to the definitional role of budgeting. What is the problem and how should we understand it? For instance, how should we construct the reality of the COVID-19 situation? The ambiguity of causality concerns the complicated link between the problem and the solution. For example, what are the most important factors associated with the COVID-19 situation? More importantly, how should our understanding of COVID-19 be operationalized
into monetized items in budgets? Connecting the health-related evidence to budgets is a complex task that requires interpretations at every stage of the budgeting process. Finally, in terms of the ambiguity of intentionality, how can we ensure that the policies create the right path? What evidence can we use to make this determination?

Several implications of these ambiguities are manifested in the public budgeting systems dealing with COVID-19. There is a need to interpret the situation and to define the implications for budgets (Vakkuri, 2010). This results in important policy discussions regarding who should be asked for the “right” interpretation. An interpretative battle may emerge regarding the alternative, competing and sometimes contradictory ways in which evidence from multiple scientific sources and disciplinary traditions should be utilized. For instance, there is no unified interpretation of the “public health” or “economic” impacts of COVID-19.

Regardless of the crisis, preferences for certain policies and budget packages often conflict, and they are temporally unstable. Both those in charge of budgets and those affected by budgets change their views on various problems as well as the views on the best budgetary responses to those problems. As budgeting is an inherent mechanism of the political process, it may create additional uncertainties as well as opportunities for governments to shape their COVID-19 policies. In their attempts to address the evolving preferences and needs, governments may be motivated to facilitate different variations of certainties through public budgeting.

3. Responses to COVID-19

3.1 General overview

The focal countries share several similarities with regard to their governmental systems. First, they are all Nordic welfare systems, which are recognized in the literature as trust-based societies with a large degree of decentralization. The Nordic model emphasizes society-wide risk-sharing as well as the use of a social safety net to help workers and families adapt to changes in the overall economy. Second, when the COVID-19 pandemic hit the three countries, their governments shared a willingness to safeguard public health. Finland and Sweden, which are members of the European Union (EU), communicated with other EU members and followed the work of the European Council and the European Commission. Both countries complied with the European Commission’s recommendation to ban non-essential travel to the EU. Norway is not a member of the EU but was restrictive in terms of banning travel to and from the country. In addition, all three countries launched relief measures to support the endangered economies.

In 2019, GDP per capita differed between the countries – Finland’s GDP was at USD 48,685, while Norway was at USD 75,419 and Sweden was at USD 51,610 (data.worldbank.org). Finland’s national budget expenditures totaled EUR 57.6bn for 2020, while the corresponding figures for Norway and Sweden were EUR 144bn and EUR 106bn, respectively. In the early stages of the COVID-19 pandemic, the three countries expected a 4%–10% decline in GDP in 2020. Moreover, the expected unemployment rate in 2020 differed by country, with Finland at 8%, Norway at 5.9% and Sweden at 13.5%.

Regardless of the similarities in their governmental systems, the three countries have thus far handled the pandemic in different ways. Finland and Norway immediately implemented a semi-lockdown to protect their citizens and reduce the spread of the virus. Furthermore, the two countries adopted testing regimes, introduced contact tracing to follow infections, instituted quarantines to stop the spread of the virus and clearly linked their decisions to WHO’s recommendations. In contrast, the Swedish government did not close down the country. Instead, it tried to contain the spread of the virus by tightly monitoring the evolution of the health emergency. Sweden abandoned the intense testing regime in March and
introduced national recommendations to be followed by citizens and businesses, thereby opting for a softer interpretation of WHO’s recommendations (Lindström, 2020).

These two opposing approaches to addressing the pandemic may be related to the histories, cultures and constitutions of the three countries (Ellingsen and Roine, 2020). Sweden has not been involved in a war for 200 years, while Finland and Norway still have vivid memories from the Second World War (Jonsson Cornell and Salminen, 2018). As such, the mindset and the constitutional laws in Finland and Norway give the central governments of these countries more power to deal with emergencies compared to Sweden. In Finland, the Emergency Powers Act applies in certain cases of emergency, such as wars or pandemics. In Norway, the Communicable Diseases Act makes it possible to lock down parts of society. In addition, the Norwegian Parliament approved a “Corona Act” that increased the government’s powers and reduced the negative consequences of the virus for individuals, businesses, the public sector and society.

Swedish constitutional law does not have a similar emergency clause for pandemics (Jonsson Cornell and Salminen, 2018). A forced lockdown of society is not possible in Sweden for three reasons. First, Swedish citizens have the right of full freedom of movement, which cannot be limited except in wartime. Second, governmental agencies are independent from the government, such that the ministers cannot interfere with the work of the agencies, including the Public Health Agency, which is responsible for national public-health issues. Third, Sweden is characterized by strong decentralization, which gives municipalities and regions the freedom to decide local policies (Jonung and Nergelius, 2020; see also Bergervärn et al., 1995). The Swedish Communicable Diseases Act applies in the current context. It dictates testing and reporting obligations but does not make it possible to enforce a national lockdown.

The rhetoric in the public debate in the three countries is characterized by both similarities and differences. All three countries have emphasized the need for the population to feel safe, and they have all prioritized public-health issues. Furthermore, all three countries have stressed the role of research-based evidence in handling the pandemic, although the conclusions regarding whether to lock society down have differed. The semi-lockdowns in Finland and Norway signaled their governments’ efforts to both protect their citizens and take responsibility for suppressing the disease. In Sweden, the rhetoric has revolved around handling the virus by flattening the infection curve and taking more severe actions when needed. Based on the debates in the media, it initially seemed that Sweden wished to create “herd immunity”, but the narrative changed after it became clear that herd immunity was not part of the Swedish strategy (Franks and Nilsson, 2020; Lindström, 2020). The real objective was to mitigate the disease by establishing a long-lasting, two-way, trusting relationship between the authorities and society (Ellingsen and Roine, 2020; Henley, 2020).

The public-health agencies in the three countries have provided daily updates and published weekly reports about the spread of COVID-19. The most important metrics published on the agencies’ webpages are the number of infected people, the number of patients in intensive care and the number of deaths. Daily cumulative figures are also available. The death toll per million is much higher in Sweden than in its Nordic neighbors (Henley, 2020). As of June 4, 2020, deaths totaled 4,562 in Sweden (population: 10.2m), 322 in Finland (population: 5.5m) and 238 in Norway, (population: 5.3m) (statista.com). Ellingsen and Roine (2020) show that citizens in each of the three countries have supported their government’s handling of COVID-19. Satisfaction has been high and increasing over time. However, support is lowest in Sweden, presumably reflecting concerns about the higher death toll (Ellingsen and Roine, 2020, p. 7).

In the following, we discuss the governments’ COVID-19 strategies and the crisis organizations in the three countries.
3.2 Finland
The COVID-19 situation has influenced decision-making systems in Finland in two ways. First, as is typical during crisis situations, the government has become more powerful relative to other sectors of society. Second, in contrast to its relatively high level of decentralization, Finland has significantly extended the central government’s powers during the pandemic.

The Finnish government introduced its strategy in two stages. In the first stage, the government aimed to control the acute and immediate impacts of the pandemic by preventing a widespread outbreak of the virus, thereby ensuring that the healthcare system could meet demand for care and protect people at high risk. The first COVID-19 case in Finland was identified on January 28. Thereafter, the government substantially increased its level of preparation. Based on the WHO’s declaration of a global pandemic on March 11 and the ongoing dialogue between the Finnish President and the government, a state of emergency was declared on March 16 (Finnish Government, 2020a).

Subsequently, with the approval of the Finnish Parliament, several restrictions were implemented, including the closure of Finland’s borders, schools, universities and restaurants. On March 25, the government decided to restrict traffic between the region of Uusimaa (the wider Helsinki region) and the other regions of Finland — a restriction that came into effect on March 27. Some of these restrictions were removed on April 19, and others were removed on May 13. Other restrictions were extended. Moreover, the government made several decisions on more detailed restrictions and provided recommendations regarding labor markets, the elderly and other risk groups, social distancing and collaboration with the European Union. Three months later, on June 16, the state of emergency was repealed, and the government started to use more usual legislative instruments, such as the Communicable Diseases Act, to deal with COVID-19.

The second stage, which is ongoing at the time of writing, encompasses a hybrid strategy for exiting the COVID-19 situation. This stage was launched on May 6 and includes policies of “test, trace, isolate, and treat” along with the removal and re-orientation of restrictions in a controlled fashion. The “hybrid” aspect of the strategy reflects the desire to find a more flexible mix between severe restrictions and the reopening of the economy and society. Moreover, the government is attempting to ensure that it is prepared to both ease restrictions and reimpose them if necessary (Finnish Government, 2020a).

The crisis-handling organization has centered around the central government. In general, all of the policies have been legitimized by the epidemiological data provided by the Finnish Institute for Health and Welfare, a governmental agency working under the Ministry of Social Affairs and Health. In Finnish society, many policies need to be developed in consultation with cities and municipalities. At the beginning of the crisis, there was some political tension between the government and the president. Given the unexpected crisis, the roles and powers of the government, parliament and the president have constantly been re-interpreted. In addition, an important constitutional debate has emerged, which focuses on how to interpret the “necessity” of policies that restrict the daily life of citizens.

3.3 Norway
By the end of January 2020, Norway’s Ministry of Health had authorized the Directorate of Health to coordinate COVID-19 efforts on behalf of the Norwegian Health Services (Mjåset, 2020). The first case was confirmed in Norway on February 26, approximately one month after the first case was confirmed in Finland. The initial “knock down the virus” strategy was implemented on March 12. On April 20, the strategic focus shifted toward controlling the spread of the virus. The content of the two strategies was the same as in Finland.

Based on a report from the Norwegian Institute of Public Health, the government decided to shut down parts of society on March 12, including daycare centers, schools and educational
institutions. It also canceled cultural and sporting events and closed fitness centers, swimming pools, restaurants that could not maintain at least one meter between guests and all personal service providers, such as hairdressers, massage parlors and tattoo parlors. In addition, a 14-days quarantine was established for all individuals travelling into Norway. In the ensuing weeks, all airports and harbors were closed, and border controls were intensified. In addition, vacation cottages could no longer be used.

The crisis-handling organization was established by the central government with the Directorate of Health and the Norwegian Institute of Public Health as the main advisory bodies. The prime minister, the Ministry of Health and the director of the Norwegian Institute of Public Health fronted the new policies and argued in favor of certain policies. On March 25, the Directorate of Health established a royal commission to analyze the suggested policies aimed at reducing the negative consequences of the pandemic for the economy and society (Norwegian Government, 2020). Another committee – the Corona Commission – was introduced in May to investigate the longer-term consequences of the pandemic.

3.4 Sweden

The COVID-19 situation has not radically influenced the Swedish governmental system. Since the first case was confirmed in Sweden on January 31, the central government has relied on the expert guidance of the Public Health Agency, and it has trusted individuals to act responsibly. Instead of using centralized solutions and enforcing lockdowns, the government delegated responsibility for avoiding the spread of the virus to citizens and businesses (Edwards, 2020). From the government’s perspective, a lockdown would not have ensured the suppression of the virus. Therefore, its strategy has been to mitigate the spread by following the official recommendations of the Public Health Agency regarding personal hygiene, social distancing, smart ways of working, avoidance of non-essential travel and avoidance of non-essential social contact for those over the age of 70. The government has justified this mitigation strategy by referring to the longer-term economic consequences of a lockdown for the country. The government argued that shutting down society would have compromised the health service’s capacity to respond as well as the survival of businesses and jobs (Franks and Nilsson, 2020; Henley, 2020).

However, the central government has introduced incentives, including a temporary relaxation of sick-leave regulations, to encourage people with even mild symptoms to stay at home. In addition, it implemented certain measures in March, including the closure of universities, colleges and upper secondary schools; a ban on gatherings of more than 50 people; a requirement that restaurants only offer table service; a ban on visits to elderly care homes and a temporary ban on non-essential travel to Sweden from all countries except EU member states, the United Kingdom, Norway, Iceland, Liechtenstein and Switzerland.

With regard to testing, the Swedish response differs from those of Finland and Norway. Initially, everyone who had been abroad was tested to identify and isolate those who were infected. However, the Public Health Agency quickly decided that tracking the virus was ineffective due to the virus’s quick spread. Sweden was also slower to create a commission to address COVID-19. In fact, the government did not appoint a commission until June 30.

The crisis-handling organization in Sweden is built on the principle of responsibility according to which there is a separation of responsibilities between the government and independent governmental agencies. Consequently, the government cannot influence the Public Health Agency, which is responsible for national public-health issues. This division explains the important role of the Public Health Agency and its recommendations during the
pandemic. The government has the overall lead and responsibility for handling the COVID-19 crisis, and it is not formally obliged to follow the recommendations of the Public Health Agency (Jonung and Nergelius, 2020). However, the government has consistently trusted the expertise of the Public Health Agency when implementing measures aimed at dealing with the virus (Edwards, 2020; Jonung and Nergelius, 2020).

Compared to Norway and Finland, the Swedish prime minister has maintained a relatively laid-back profile. The state’s head epidemiologist is a central person who provides daily updates on the situation in Sweden on behalf of the Public Health Agency.

4. Budgetary responses to COVID-19
This paper explores how Finland, Norway and Sweden have attempted to increase certainty in the face of COVID-19 through budgeting. Therefore, in the following, we describe the budgetary response in terms of total allocations and in relation to selected areas, such as businesses, municipalities and regions and unemployment.

4.1 Finland
The first COVID-19-related supplementary budget was introduced in Finland on March 20. It was followed by three additional packages. The fourth and largest package was announced on June 5. These budget allocations totaled EUR 9.6bn, and the packages included allocations to different sectors of society, including companies, individuals and households, cultural activities, local municipalities and hospital districts.

For businesses, the budget packages emphasized financial-liquidity problems and the business sectors in which the revenue streams were hardest hit by the massive restrictions. The allocations to businesses totaled EUR 3.2bn, including both direct subsidies and specific loan arrangements. Furthermore, the government committed to several activities to support the financial positions of firms, including loan packages and recapitalization up to EUR 12bn. Other allocations were assigned to the National Emergency Agency (EUR 600m); local governments and municipalities (EUR 1bn); unemployment (EUR 500m) and individuals, households, culture, sports and youth (EUR 1.5bn).

The budgeting mindset appears to have changed during the short history of COVID-19. In late May, a governmental working group proposed a three-stage economic strategy for exiting the crisis. The objective of the first stage was to reduce the immediate adverse effects associated with the restrictions. The second stage focused on the immediate need for significant economic stimulus. In the third stage, after economic growth returns, public finances were to be comprehensively consolidated. The group justified this mindset using what it called “comprehensive judgment” in which it combined three budget perspectives: (a) the epidemiological basis for COVID-19, (b) the application of legal judgments on the types of long-term restrictions in Finland and (c) the association of these aspects with social and economic analyses on the sustainability of the policies (Finnish Government, 2020a, b). The ultimate policy choices and respective budget allocations were to be made in a way that would achieve a balance among these three perspectives.

4.2 Norway
The first COVID-19-related supplementary budget was introduced in Norway on March 13. It was followed by four more proposals. A revised version of the spring national budget was released on May 14. The budgetary impacts related to COVID-19 activities were estimated at EUR 24.1bn (without loans and guarantees) – a EUR 15.7bn increase in expenditure and a EUR 8.3bn reduction in income. The business-related expenditures were estimated at EUR 10.95bn (compensation for reduced income was EUR 5bn), while expenditures related to unemployment were estimated at EUR 5.09bn.
The revised spring budget had a total budgetary impact of EUR 47.8 billion after including loans and guarantees. The reduced income and increased expenditures for all sectors related to COVID-19 were as follows: crisis packages (EUR 24bn), taxes and fees (EUR 6bn), oil sector (EUR 10bn), exports (EUR 2bn), healthcare (EUR 600mn), airports (EUR 500mn), charter companies (EUR 200mn), cultural/sports institutions (EUR 160 mn) and other weak groups (EUR 210mn). There was some discussion in the media about other groups of actors that also wanted to be included in a package. These groups stated that the packages were either too small or had the wrong kinds of effects.

The Ministry of Finance’s aims were to act quickly, ensure safety and reduce the downside for companies (Moen, 2020, May 5). The government decided to work in three phases:

1. A quick fix to reduce the number of bankruptcies and layoffs,
2. Policies to help the industries and companies that were hardest hit, such as the airline and travel industries and companies dependent on either international goods for production or on international sales and
3. More general, long-term policies to support the continuation of economic activities, if necessary.

The first phase focused on liquidity, while the second centered on solidity. As the crisis was difficult to relate to either supply or demand (which are different economic models), the need to get cash out was prioritized over a pure focus on solutions, such as tax reductions or loans. The budgeting mindset appears to have been set early and followed the chosen path.

### 4.3 Sweden

The first supplementary budget related to COVID-19 was proposed in Sweden on March 17. It was followed by eight additional packages as well as a revised spring national budget for 2020. The ninth supplementary budget was announced on June 15. As of April 15, the budgetary measures amounted to EUR 10.7bn and focused on four areas: limiting the spread of the virus (EUR 700mn), saving jobs and businesses (EUR 6.7bn), tackling rising unemployment (EUR 1.1bn) and continuing the fight against societal problems (EUR 2.2bn). Examples of these initial budgetary allocations include support for municipalities and regions (EUR 2bn), COVID-19 testing (EUR 1bn), health and social care (EUR 3bn), education (EUR 288mn) and sports and culture (EUR 1bn).

The priorities in terms of supporting jobs and businesses were to reduce costs, defer tax payments and ensure state guarantees for business loans. For businesses, the budget allocation of EUR 6.5bn covered, for example, short-term layoffs, suspended sick pay responsibility for employers, reduced employers’ social security contributions, reduced individual contributions and discounts for fixed rental costs in vulnerable sectors. The costs of providing financial security and transition opportunities for those who became unemployed amounted to EUR 800m.

As the numbers of infections and deaths were considerably higher in Sweden than in Finland and Norway, the Swedish government gradually proposed additional revisions of the 2020 budget. The budgetary responses became more powerful over time, indicating that the budgeting mindset followed a progressive approach. By June 18, the total budgetary measures had more than doubled, while support for businesses and unemployment had tripled (Finansdepartementet, 2020).

In sum, budget allocations (expenditures) in the three countries total EUR 9.6bn in Finland, EUR 24.5bn in Norway and EUR 25.5bn in Sweden. The packages for companies and unemployment total EUR 3.7bn in Finland, EUR 16.2bn in Norway and EUR 20bn in Sweden. When taking population size into account, Norway introduced the largest packages, followed
by Sweden and Finland. Norway was also the fastest to introduce packages, followed by Finland and Sweden. Sweden introduced its packages in a diluted way (i.e. via ten interventions). The figures listed above are based on calculations published by the respective ministries of finance in May and June 2020.

Table 1 provides a summary of the findings.

<table>
<thead>
<tr>
<th>General information</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>5.5m</td>
<td>5.3m</td>
<td>10.2 million</td>
</tr>
<tr>
<td>GDP per capita 2019, USD</td>
<td>48,685</td>
<td>75,419</td>
<td>51,610</td>
</tr>
</tbody>
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<table>
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<tr>
<th>After COVID-19 outbreak</th>
<th>Hybrid strategy based on semi-lockdown of society</th>
<th>Knock-down virus strategy based on semi-lockdown of society</th>
<th>Mitigation strategy based on individual responsibility and government progressive interventions as needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy implemented to construct certainty</td>
<td>Firm strategy related to budget packages</td>
<td>Quick-fix budget packages (focus on liquidity first and solidity afterward)</td>
<td>Increasing budget packages over time</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Early rhetoric in media</th>
<th>Take responsibility for suppressing the disease</th>
<th>Take responsibility for suppressing the disease</th>
<th>Take responsibility for mitigating the disease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fronting the strategy</td>
<td>The Prime Minister Ministry of social affair and health Finnish institute for health and welfare</td>
<td>The Prime Minister Ministry of health and care services Norwegian institute of public health</td>
<td>The Prime Minister Swedish public health agency</td>
</tr>
</tbody>
</table>

| Expected GDP decline in 2020 | 6% | 6% | 4–10% |
| GDP change second quarter 2020 compared with first quarter (EU average –11.9) | –3.2% | –6.3% | –8.6% |

<table>
<thead>
<tr>
<th>Main law/regulations influencing lockdown</th>
<th>Emergency powers act</th>
<th>Corona act existed and used 27/3–27/5 Communicable diseases act</th>
<th>The Swedish constitution Communicable diseases act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population satisfaction with government handling of COVID-19</td>
<td>High</td>
<td>High</td>
<td>High</td>
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<table>
<thead>
<tr>
<th>Number of deaths COVID-19 (June 4)</th>
<th>322</th>
<th>238</th>
<th>4,562</th>
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<table>
<thead>
<tr>
<th>Budget packages</th>
<th>Budget amount, EUR</th>
<th>9.6bn</th>
<th>24.5bn</th>
<th>25.5bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget company/unemployment, EUR (May/June)</td>
<td>3.7bn</td>
<td>16.2bn</td>
<td>20bn</td>
<td></td>
</tr>
</tbody>
</table>

**Note(s):** aEstimates made by the respective Ministry of Finance (April-May 2020); bData for Sweden and Finland retrieved from: Eurostat (2020); Data for Norway retrieved from: Statistics Norway (2020); cEllingsen and Roine (2020)
5. Discussion and conclusions

In this paper, we have discussed strategies for constructing certainty through public budgeting by comparing the responses of Finland, Norway and Sweden to the COVID-19 pandemic. Government budgeting in these Nordic countries has had to cope with the ambiguity of reality in terms of understanding COVID-19; the ambiguity of causality in terms of linking the COVID-19 outbreak to policies and respective public budgets and the ambiguity of intentionality in terms of ensuring that each country followed the right policy path. The plethora of policy variables associated with COVID-19 and their accompanying uncertainties make public budgeting in this context an extremely complex endeavor.

Theoretically, our analysis has revolved around the complicated link between the importance of public budgeting for constructing certainties among citizens and the inherent ambiguities of the budgeting process. Our theorization of the ambiguities included reality construction, causality and intentionality problems of public budgeting (March, 1987). In reality construction, the most striking similarity among the three countries is the high reliance on public-health professionals. However, interpretations of the common epidemiological models also appear to have given rise to distinct policy paths, with the most important differences evident between Finland and Norway vis-à-vis Sweden. When the pandemic hit, both Finland and Norway already had some materials, regulatory devices and policies in place. While Finland and Norway seem to have been fighting a war against a deadly virus, Sweden appears to have attempted to deal with what it viewed as an exceptionally difficult flu. The variations in the countries’ crisis mindsets are reflected in the policy measures as well as the firmness and swiftness of the respective budget packages.

The causality problem is both a timeless aspect of public budgeting and extremely complicated. How can budgets be allocated in a way that helps create certainty? Our analysis suggests that the perception of causality is to some extent different in Finland and Norway than in Sweden. In Finland and Norway, the government’s immediate reaction was that if most of the business sector was closed down, then that sector needed to be supported with supplementary budgetary packages. This created a sense of certainty in both the budgeting process and for the citizens. In Sweden, this link was looser in the beginning and became tighter over time – the government made additional and more sizeable allocations as the pandemic evolved, and the consequences for businesses and society became evident.

In terms of the impacts of budget allocations, we cannot state that one strategy will outperform the other. Rather, we see them as two different strategies for addressing the ambiguities of budgeting in different stages of the policy continuum. It is difficult to evaluate the ultimate success of COVID-19 policies in the short term. It may be even more challenging to determine the impacts of public budgets on the long-term sustainability of societies due to the difficulty of predicting the pandemic’s timing and potential new waves.

In terms of the intentionality problem, our paper showcases the interesting linkages among the three countries. They may have had distinct short-term policy trajectories, but the basis for monitoring the development of COVID-19 stemmed from fairly similar sources of (“global”) scientific evidence. However, with respect to the pandemic’s development, the categories of “health” and “economic” impacts appear to have been enriched with more analytical detail. The monitoring of numbers related to infected people, intensive care beds and deaths along with the imposition of more or less severe restrictions also put “social” impacts at center stage. Therefore, within the evolving budget discourse, health-related and economic-related aspects are no longer juxtaposed against each other – other elements, such as well-being and trust in governments need to be considered as well. Based on such interpretative battles and collective sense-making, new types of exit strategies based on budget packages will emerge in these countries and worldwide.
This paper offers an exemplary story of how three Nordic societies reacted to a sudden threat. Although the Nordic countries share considerable parts of their cultural characteristics, societal thinking and ways of life and may, therefore, appear similar, the COVID-19 crisis provides a more nuanced picture of each country’s policy responses. We find differences in the countries’ regulatory regimes, histories and politico-institutional path dependencies. Therefore, the Nordic countries constitute an interesting environment for comparative studies of public policy and budgeting. Additional research is urgently needed in this regard.

In terms of practical implications, we argue that the governments can handle an unexpected crisis by implementing a firm and clear strategy along with respective budgetary responses that cope with the inherent ambiguities of public budgeting and, at least to some extent, help create certainty among citizens. However, approaches to dealing with the public budgeting ambiguities can differ. Finland and Norway considered the pandemic as a serious threat to the country. Through a semi-lockdown aimed at reducing the spread of the virus and budget packages designed to support those affected, the governments established immediate, clear causality between the problem and the solution. In Sweden, certainty was constructed in a different way. While avoiding a national lockdown and enforcing seemingly softer restrictions than those seen in Finland and Norway, the government committed to taking action whenever necessary based on close monitoring of the situation. Such an approach affects the ambiguity of causality because the link between the problem and the solution becomes more difficult to quantify through budgetary solutions in the early stages of a crisis. Therefore, more interventions might be necessary in a short period of time to handle the ambiguity of intentionality and maintain trust in the government even when the number of deaths is relatively high.

Several questions remain unanswered. Why did the countries handle the pandemic differently? Why did many more people die in Sweden at the early stages of the pandemic than in other countries? What will happen to countries that introduce lockdowns after the initial restrictions are removed? We argue that countries do not act in a vacuum. Instead, due to the rapid diffusion of knowledge among countries, governments need to put significant effort into creating a transparent and trustworthy understanding of the crisis. A failure to do so will most likely increase uncertainty among citizens. We encourage different disciplines to work together to explore useful solutions for coping with ambiguities and uncertainties in times of crisis.

References


Further reading

Propositions from Ministry of Finance homepages

Ministry of Finance Finland, available at: https://vm.fi/en/frontpage
Ministry of Finance Norway, available at: https://www.regjeringen.no/no/dep/fin/id216/
Ministry of Finance Sweden, available at: https://www.regeringen.se/

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