Assessment of the anti-Covid Strategy in France

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September 16, 2021

The French have made great efforts over the past few months in the fight against Covid-19. We are even among the twenty or so countries that are champions of vaccination. The fact remains that we still do not know how to test-trace-isolate well and that we will probably not be able to get out of the incessant vacillations that the virus forces upon us. France’s economic and human toll remains abnormally high, while modelling by the Pasteur Institute published on September 6th suggests that a new wave could be worse than those we have already experienced. We need to manage this crisis and stop thinking of prevention as an unbearable infringement of freedom at the risk of losing even more freedom under the pressure of the pandemic.

In Q2 2021, France's GDP was at the same level it was in Q3 2017, almost 4 years earlier. The only meager consolation comes from the fact that many other countries are also in bad shape. The UK had GDP at 2014 levels, Italy was at 2015 levels, Germany at 2017 levels, Belgium was at 2018 levels, and Canada and Sweden were at 2019 levels. At the aggregate level, none of the G10 countries have recovered their pre-crisis quarterly GDP levels, with the exception of the US.

When we look at the dynamics at work over the past 18 months, we see that the trajectory of the G10 countries is oscillating, with the epidemic rebounding. Commenting recently on the disappointing job creation figures in the United States (235,000 instead of the expected 725,000), President Biden laid blame on the resumption of Delta-related infections. Our countries are experiencing whiplash oscillations, depending on the level of infection, making it difficult to project into the future. This is particularly problematic for activities and industries that rely on significant social interaction such as hotels, restaurants, cultural and leisure activities.

For US economists, this finding is not entirely surprising, given that the resources deployed in the fight against Covid-19 have not been allocated to effectively deploy the key trifecta of testing-tracing-isolation. Participation in economic and social life declines when people fear being infected or infecting others. It is not only government restrictions that reduce mobility. The voluntary decisions of individuals to withdraw from social life in the face of high virus circulation are key.

We continue to experience deaths and repeated economic setbacks. At this point, everything depends on our ability to deploy vaccines quickly and massively. But the last few months have shown that this is not as simple as anticipated. Some of the population is not (or not yet) vaccinated, especially those under 12, and others are reluctant. The idea of collective immunity is becoming increasingly remote.

All of this is distressing, of course. However, the situation is much better in a significant number of countries that have managed to control the dynamics of the epidemic. These countries are winners on all fronts: health, economy, mobility and freedom. These are the so-called Zero Covid countries which, rather than being criticized, should instead be lauded and examined with curiosity. Some of them are like us and show that it is possible to combine health, economy and freedom.

The number of deaths per million inhabitants was 44 times higher in France than in the OECD countries that practice the Zero Covid strategy (Australia, New Zealand) or similar (South Korea), reaching 63,000 deaths too many at the end of 2020. As of June 30, 2021, it was 45 times higher since the beginning of the pandemic, i.e. 107,000 excess deaths.

In 2020, the decline in GDP in France was five times higher compared with Zero Covid countries, with a gap of 6.3 GDP points and a shortfall in wealth creation equivalent to 2,200 euros per capita. In the first quarter of 2021, the growth gap between France and the Zero Covid countries represented 5.5 GDP points, i.e. a shortfall of 400 euros per inhabitant. Additionally, while the Zero Covid countries had a 1.4% increase in GDP, it was down 4.2% in France compared to the last quarter of 2019.

The decline in freedoms was even more pronounced. The Stringency Index averaged 57 since the start of the pandemic in France, compared to 52 in Australia, South Korea and New Zealand.

The decline in mobility was three times higher when comparing France with Zero Covid countries. Google's mobility data shows that the decline in mobility associated with work and leisure/retail locations was 29% and 33% in France, compared to 10% and 11% in Australia, South Korea and New Zealand.

In contrast to the mitigation strategy in France and the G10 countries, the elimination strategy aims for zero uncontrolled cases of covid. The virus obviously manages to slip through the cracks from time to time, but once the initial investment (that of strict containment in most countries) is over, targeted protective measures can prevent the resumption of the epidemic, with a return to normal life being the norm. The elimination strategy is less demanding than the mitigation strategy, which forces long and strict containment periods while the epidemic risks saturating hospital capacities with deaths, Long Covid and the emergence of variants.

Agreeing on the objective is crucial, as is the mechanism to obtain that objective. Since the beginning of the crisis, we have known that we must be able to detect, trace and isolate. For this to be possible, it has become clear that poor border control policies lead to losing control over the circulation of the virus, as the case of Taiwan last April/May showed. In fact, there is no country today that does not impose some form of border control.

We also need to know how to test on a large scale. However, despite the tremendous growth of laboratories in this area, screening in France has become emblematic of a country that no longer knows how to invest. Indeed, we are currently focusing on its cost (€5.9 billion in 2021), without taking into account the savings it generates. More screening means less infection and work interruptions. One week worked means €2,500 less GDP, which is 50 times more than the cost of a PCR test (€49). Similarly, the average hospital stay for Covid-19 costs the health insurance system €5,000. A PCR test that avoids a week's hospital stay therefore pays for itself 100 times over and saves the community €4,950. The tests represent a drop in the bucket compared to the losses generated by Covid-19. The loss in terms of wealth creation represented €230 billion at the end of June 2021, or €3,400 per inhabitant.

Too often we think that simply throwing money at a problem is the only way to solve it, when in the end the money is just the consequence of a wise investment that has produced concrete results. We have forgotten that it takes the right strategy and tactics for the money to be effective.

In particular, we should learn the lessons of the last few months by investing in schools where 6 million children unvaccinated against Covid-19 are found every day, without massive screening or other means of mitigating the risks of contamination (CO2 sensors, adequate ventilation of cafeterias, etc.). This not only puts our children at risk, but also society as a whole. As long as Covid is circulating significantly, social and economic life is on hold.

Cécile Philippe is President of the Institut économique Molinari, a French think tank that has shown a keen interest in the economics of the health crisis. It recently published The Zero Covid strategy protects people and economies more effectively: https://www.institutmolinari.org/2021/04/03/the-zero-covid-strategy-protects-people-and-economies-more-effectively/.

Translated and Edited for Clarity from La Revue Parlementaire, read by French MP https://www.larevueparlementaire.fr/articles-revue-parlementaire/3813-cecile-philippe-bilan-de-la-strategie-anti-covid-en-france