Our latest research focuses on recovery in Europe.
Governments worldwide have already allocated more than $13 trillion to stabilize economies in freefall and restart growth. These measures, written and delivered at speed, have succeeded in many ways. But as the crisis drags on, new questions are arising. Is the money directed in the best possible way? And is more needed?

This week, McKinsey researchers looked at ways to fill the gaps that COVID-19 has created in US state budgets. Worldwide, we estimate that government deficits could reach $30 trillion by 2023. That’s a sobering figure. But we believe that if governments and the private sector work together as never before, they can avoid the disastrous consequences of massive deficits, lay the foundations for a new social contract, and begin to shape a postcrisis era of shared, sustainable prosperity.

Our new research on Europe suggests that governments can start by distinguishing between sectors that can navigate the crisis safely, and others, such as those that were already in decline and were then badly hit by the crisis, that may need structural change. In Germany, for example, you will find both types of sectors in abundance (exhibit).

McKinsey continues to track economic and epidemiological developments in Europe and around the world. For an overview, read our latest briefing materials (June 1, 2020). In 94 pages, we document the current situation and show how countries and companies can transition toward the next normal and plan across multiple horizons. You can also see the full collection of our coronavirus-related content, visual insights from our “chart of the day,” a curated collection of our first 100 coronavirus articles, and our suite of tools to help leaders respond to the pandemic.

This week we documented many of the COVID-19-related shifts taking place in Europe. A critical issue now coming to a head concerns privacy: how do companies comply with the European General Data Protection Regulation and also support contact tracing and testing measures? Another is mobility: transportation systems may be permanently altered in the crisis. Our new research on the United Kingdom outlines the implications.

Some of those concern the many UK start-ups offering novel transport solutions. This week, our new research found that small and medium-size businesses in the United Kingdom face dire prospects: one in five may not survive past August 2020. In the recovery, European governments cannot do all the heavy lifting; our analysis suggests that European foundations have a window of opportunity to step up their actions and play an essential role in national rebuilding and recovery efforts. And we interviewed a leading UK dealmaker on the potential to restart major capital projects through standby agreements and other moves that keep projects on track.

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Exhibit

Individual German sectors’ plans for action depend on their structural challenges and the extent to which they are affected by COVID-19.

Navigating the crisis vs using the crisis as a catalyst, by path

This week, we also presented ideas for retailers to redefine value and affordability for newly strapped consumers, addressed big shifts in physicians’ behavior, explained why insurers need to revamp their distribution models, and considered a safer, better future for travel.