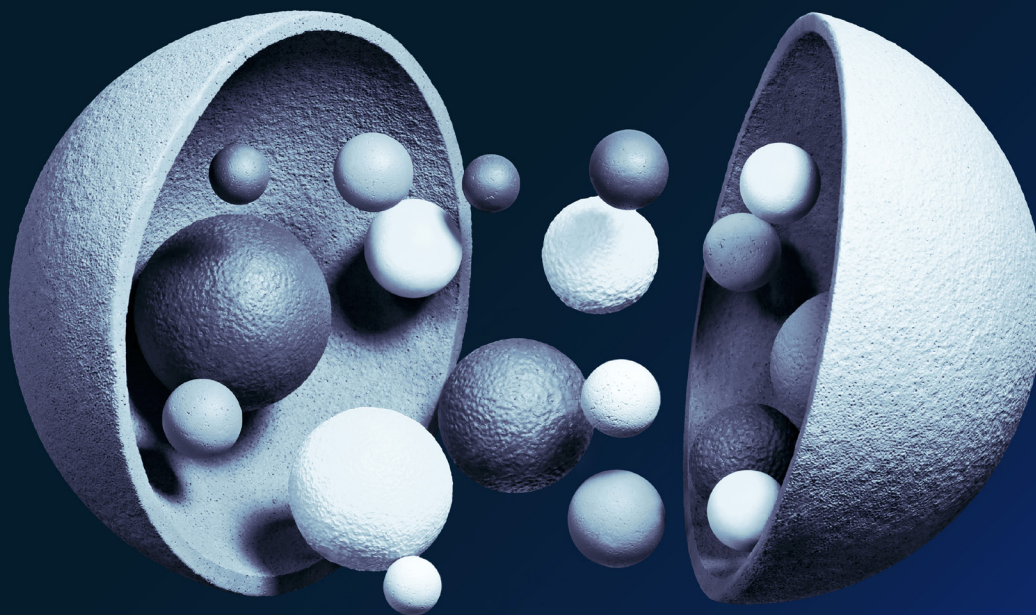


Risk Practice

COVID-19 and the great reset: Briefing note #19, August 20, 2020

McKinsey's latest research looks at restoring economic activity,
today and tomorrow.



This week, we returned to the overarching story of the pandemic: the twin imperatives of saving lives and livelihoods. Our latest research builds on reports we published in April and May 2020, and on recent academic findings that the stringency of national lockdowns is not well correlated with changes in GDP. In our new report, we find that successful control of the virus is the key to unlocking the economy, by restoring the confidence consumers need to reengage in economic activity. In countries that have successfully controlled the coronavirus (“near zero” countries), economic

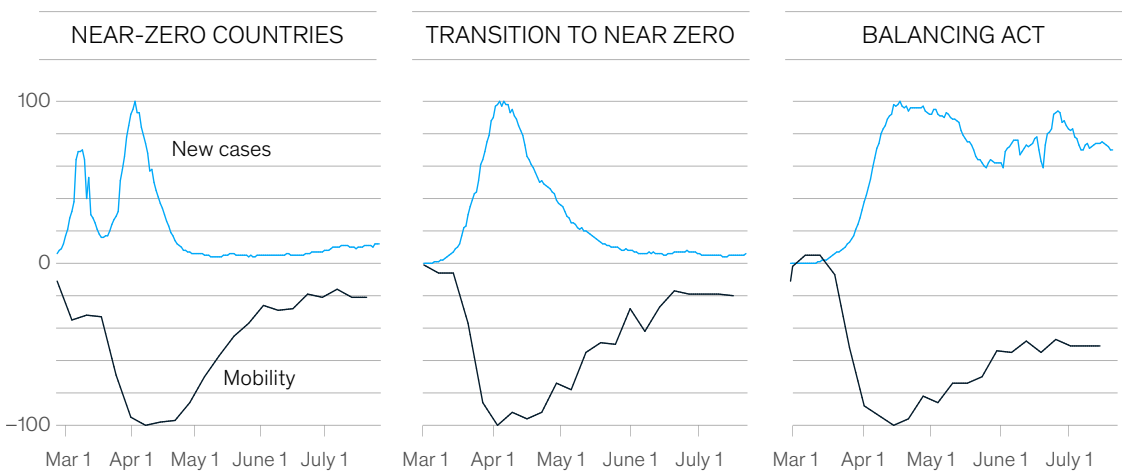
activity (in the form of discretionary mobility) has returned to normal; in those that have not (“balancing act”), it is still about 40 percent lower than before the pandemic (exhibit).

It seems that controlling the virus can get countries back to where they were at the start of the year. But where do we go from there? A companion report outlines the future of economic growth in the United States, by looking back at what worked well in the years after the 2008–09 recession. Federal, state, and local governments can take a range of actions

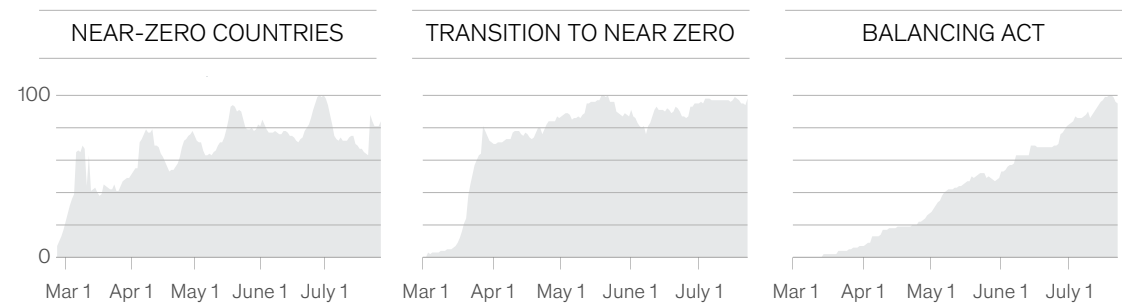
Exhibit

Near-zero and transition acts have been successful in getting the virus under control and restoring economic activity.

Discretionary mobility and new COVID-19 cases reported,¹ by average of representative countries, index (0 = pre-COVID level of activity = 0) (100 = post-COVID peak/trough)²



Tests per thousand people,³ index (0 = pre-COVID level of activity = 0) (100 = post-COVID peak)



¹Consumer activity in retail and entertainment, groceries and pharmacies, transit stations, and workplaces. Activity related to parks and home movement is excluded.

²New cases reported and mobility data: weekly through July 25.

³Tests per thousand: daily data through July 25.

Source: COVID-19 Community Mobility Reports, google.com; national health agencies

We find that successful control of the virus is the key to unlocking the economy.

to both improve productivity and stimulate demand. Among the most powerful is investment in inclusive growth and unlocking the maximum productive potential of all people in communities. For example, achieving gender equality could add \$4 trillion to the US economy, and closing the Black–white wealth gap could add a further \$1.5 trillion.

Businesses, too, are eager to boost productivity and demand. Consumer companies may feel these needs more acutely than most, as two reports published this week demonstrate. McKinsey experts outlined the five bold moves that consumer companies should make to adapt their organizations to the exigencies of the crisis. Another requirement is to meet the next-normal consumer. Seemingly every consumer behavior has been altered by the crisis; companies need to adapt to big changes in how people get their information, what and where they buy, and how they experience shopping.

This week, we also surveyed executives at cell and gene therapy companies about the effects of the pandemic; reviewed the challenges of securing digitally savvy talent at aerospace and defense companies; calculated the significant impact of COVID-19 on mining operations; considered the prospects of upstream oil and gas operations;

and surveyed liquefied natural gas buyers on their changing preferences.

We are in the thick of August, the time of year when many people take a break, or at least slow down—even in a pandemic. With that in mind, McKinsey broadened its annual summer reading list and asked 60 diverse leaders to share books that have inspired them, that have provided a much-needed respite, or that they look forward to reading. We hope you draw some inspiration from this list and find ways to restore yourself during these unusual times.

Speaking of reading, our special collection, “The next normal: The recovery will be digital” has a 172-page curated volume that you can download—the first of five edited collections produced to accompany “Our New Future,” a multimedia series we created with CNBC.

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, our suite of tools to help leaders respond to the pandemic, and a look at how our editors choose images that help readers visualize the impact of an invisible threat.