



## **MGMT 198/799**

### **Epidemics, Natural Disasters, and Geopolitics: Managing Global Business and Financial Uncertainty**

Q4 Spring 2020

Wednesdays 4:30-7:30

0.5 credit units

Letter grade or pass/fail

Instructor of record:

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Epidemics and natural disasters are exogenous shocks that create many challenges for companies, financial markets, and political systems. This class draws on the expertise of Wharton faculty members to provide a deep understanding of how global business and financial uncertainty can be managed in the wake of such dramatic events. The topics include: leading in uncertain times, the reaction of the financial markets to the coronavirus, disaster risk and asset returns, the significance of borders in an integrated world, decision-making, forecasting, and leadership, emotional contagion and epidemics, the evolving U.S./China relationship in the context of trade wars and the pandemic, telework, and the disruption of trade and global supply chains.

NOTE: All deadlines are Philadelphia time.

We encourage students to follow the class live through streaming every Wednesday 4:30-7:20 pm. If you can't do so, you have until 12 noon of the following Monday to watch the recordings. Everyone needs to submit the two (2) weekly assignments (see below).

The grading criteria are:

- 30% Class participation. You can make contributions to the discussion group on canvas in order to get credit for class participation. One instance of participation per week is appropriate. Discussion comments must (1) be a maximum of 150 words, (2) be relevant to the discussion thread (if created in response to another comment), and (3) refer to the material covered in the week's lecture or readings. Deadline: 12 noon of the Monday following the Wednesday class. The grading scale is: 3 = irrelevant comment, 4 = good comment, 5 = excellent comment. No points if no comment is submitted.

- 30% Multiple-choice tests at the end of each class. You will have 15 minutes to complete the test after you click on it on Canvas. Deadline: 12 noon of the Monday following the Wednesday class.
- 30% Final paper. This is a team paper of about 1,400 words on a topic related to the class, to be graded by peers. Double spaced, and uploaded as a pdf. Must include title, authors, abstract, main body, conclusion, and references. Teams of 3-4 students will be assigned. Deadline is 11:59 pm on May 6. See Appendix A for more information.
- 10% Peer evaluation of one paper submitted by another team. Each student will individually be assigned a paper to evaluate. Deadline is 11:59 pm on May 10. Failure to provide an evaluation will result in no points for this assignment.

#### Absent Policy:

- We will monitor online if you have followed the class through live streaming or if you watch the recordings of the classes before 12 noon of the following Monday. A 5-point penalty for each Wednesday-class recording missed will be assessed when there is no compliance with this requirement.
- If you are unable to meet the 12 noon Monday deadline for viewing the lecture and completing the assignments, you shall submit a course absence report through the PennInTouch portal, specifying the range of time and reason (religious holiday, family emergency, health problem, or other). Due to the number of students in the course, please refrain from reporting your absence through email or Canvas message. You are still expected to watch the missed course recording and meet other expectations when you resume the capacity to do the coursework.

#### Required readings:

- All readings listed on this syllabus are required and must be completed prior to their discussion in class. The weekly tests are likely to ask questions about the readings.
- They are available from our Canvas under Modules.

Administrative and IT Support Team: David Brubaker, Emily Cieri, Wayne Davis, Alec Lamon, Jena Laske, Linda Lee, Heather Meier, Christopher Smith, David Siedell, Michelle Swenson, Michael Walsh, and Katie Watkins.

TAs: Maya Baker, Yalong Chen, Courtney Clarahan, Kelly Corcoran, Meghan Creedon, Adrian Curtin, Sara Gao, Hana Grebemariam, Sharon Hou, Liz Jacobs, Kate Maloney, Momoko Oi, Christina O'Neill, Patricia Parker, Eva Protasiuk, Kevone Roberts, Joan Ryan, Blair Sackett, Elizabeth Sobel, and Lucy Zhang.

## Schedule of Classes

### IMPORTANT:

Watch the introductory videos by Mauro Guillén BEFORE March 25, and do the readings.

#### Readings:

*Coronavirus COVID-19: Facts and Insights* (McKinsey & Co. 2020).

Laura Spinney, "How Pandemics Shape Social Evolution." *Science* (17 October 2019).

Ed Yong, "The Next Plague is Coming. Is America Ready?" *The Atlantic Monthly* (July-August 2018).

"Pandemics That Changed History." *History* (2020).

Mauro F. Guillén, "Coupling," In *The Architecture of Collapse* (Oxford University Press, 2016), pp. 49-74.

### Week 1: March 25

#### Pre-class videos:

1. Angela Duckworth, Professor of Psychology, and founder, The Character Lab, G'06 [grit]
2. Lady Barbara Judge, fmr. Chair, UK Pension Protection Fund, CW'66 [pensions]
3. William McNabb, fmr. CEO and Chair of Vanguard Group, WG'83 [financial services]
4. Joseph Westphal, fmr. U.S. Undersecretary for the Army and U.S. Ambassador to Saudi Arabia [government]

4:30-5:30

Geoff Garrett

Leading in Uncertain Times

5:30-6:20

Kent Smetters

Budgetary Implications

#### Readings:

Nancy Cook and Victoria Guida, "Trump Launches an Urgent Fight to Save His Ticket to Reelection." *Politico.com* (March 3, 2020).

Holman W. Jenkins, Jr., "A Chinese Mystery and Covid-19's Economic Puzzle." *The Wall Street Journal* (March 6, 2020).

6:20-7:20

Zeke Emanuel

COVID-19: Evolution of a Pandemic

## Week 2: April 1

Pre-class video:

1. Professor Katherine Milkman interviews Angela Duckworth, Professor of Psychology, and founder, The Character Lab, G'06

4:30-5:30

Changing Behavior for Good in the Face of Disasters  
Katherine Milkman

Pre-lecture work:

1. Please complete this short (~5 minute), **ungraded** survey due by 12 pm on Tuesday, 3/31: [https://wharton.qualtrics.com/jfe/form/SV\\_6tAeqwECoSyzU33](https://wharton.qualtrics.com/jfe/form/SV_6tAeqwECoSyzU33) (Links to an external site.)
2. Only **AFTER** completing the aforementioned survey, and in lieu of reading, please listen to this ~45 minute Choiceology podcast entitled “Take the Deal” (Season 4, Episode 4), available at the following link or through any podcasting app: <https://www.schwab.com/resource-center/insights/content/choiceology-season-4-episode-4> (Links to an external site.) . Please complete this listening assignment before class on Wednesday, 4/1.

5:30-6:30

Anticipating Risks, Coping with Uncertainty  
Howard Kunreuther

Readings:

Howard Kunreuther, “Dealing with Pandemics: the Role of Risk Perception and Biases.” (March 27, 2020).

Howard Kunreuther and Paul Slovic, “What the Coronavirus Curve Teaches Us About Climate Change.” *Politico.com* (March 26, 2020).

6:30-7:30

Uncertainty and Global Supply Chains  
Marshall Fisher and John Paul MacDuffie

Readings:

Yossi Sheffi, “The Tears in the Deep Tiers.” *European Business Review* (November-December 2015).

Marshall Fisher, Edwin Keh, and John Paul MacDuffie, “Reading note for the Supply Chain Risk Management session.” (April 1, 2020).

Optional reading: YoungWon Park, Paul Hong, and James Jungbae Roh, “Supply Chain Lessons from the Catastrophic Natural Disaster in Japan.” *Business Horizons* 56 (2013): 75-85.

### Week 3: April 8

#### Pre-class videos:

1. Benito Cachinero, former Senior VP for Human Resources, DuPont, G'86 G'88 [executive leadership]
2. Marco De Benedetti, Managing Director (Europe), The Carlyle Group, WG'88 [financial services]
3. Larry Jameson, Dean of the Perelman School of Medicine at Penn [healthcare]
4. Billy Quinn, Managing Partner, BQ Capital Partners, W'92 [financial services]
5. Leslie Richards, General Manager (CEO) of SEPTA (South Eastern Pennsylvania Transportation Authority), G'93 [public transportation]

4:30-5:50

Global Collisions

Mohamed El-Erian

#### Readings:

Mohamed El-Erian, "The Coming Coronavirus Recession, and the Uncharted Territory Beyond." *Foreign Affairs* (March 17, 2020).

Mohamed El-Erian, "Markets Can't Ignore These Four Crucial Uncertainties." *Bloomberg.com* (April 1, 2020).

6:00-7:20

China-U.S. Relations: Trade Wars, National Security and COVID-19

Geoff Garrett

#### Reading:

Kurt M. Campbell and Rush Doshi, "The Coronavirus Could Reshape Global Order: China is Maneuvering for International Leadership as the United States Falter." *Foreign Affairs* (March 18, 2020).

## Week 4: April 15

### Pre-class videos:

1. Mitchell Blutt, MD, CEO of Consonance Capital, C'78 M'82, WG'87 [financial services]
2. Joaquin Duato, Vice-Chairman of the Executive Committee, Johnson & Johnson [pharma]
3. Sebastian Escarrer, CEO, Melia Hoteles, WG'93 [hospitality]
4. Stephanie von Friedeburg, COO, International Finance Corporation, G'92, WG'92 [international agency]
5. Rosanna Ramos-Velita, Chairman, Caja Rural Los Andes, G'92, WG'92 [social impact]

4:30-5:50

Market Response: Risk, Fundamentals, and Investor Psychology

Jeremy Siegel

### Readings:

Jeremy J. Siegel, "The Shiller CAPE Ratio: A New Look." *Financial Analysts Journal* 72(3) (2016):1-10.

Jeremy J. Siegel, "The S&P Gets Its Earnings Wrong." *Wall Street Journal* (February 25, 2009).

Jeremy J. Siegel, "Who Is Paying for 'War on COVID-19'?" Draft.

6:00-7:20

Emotional Contagion: Epidemics and Human Interactions

Sigal Barsade

### Reading:

Sigal Barsade, "The Contagion We Can Control." <https://hbr.org/2020/03/the-contagion-we-can-control>

## Week 5: April 22

### Pre-class videos:

1. Larry Bailey, President and Chief Executive Officer, LDB Consulting Inc., WG'76 [sports]
2. Jim Cowles, Co-founder & CEO, The Venn Media, WG'79 [media]
3. Josh Harris, Co-Founder, Apollo Global Management, Inc., W'86, PAR'23 [finance]
4. Jackie Reses, Financial Services - Capital Lead, Square Capital, WG'92 [finance]
5. Daniel Skovronsky, President and Chief Scientific Officer, Lilly Research Laboratories, G'00 MD'01 [pharma]
6. Dr. Howard Zucker, Commissioner of Health for New York State [health agency]

4:30-5:30

Facing a Pandemic: Bioethics, Leadership, and Penn  
Amy Gutmann

#### Readings:

Gutmann, "Everyday Heroism in Extraordinary Times." *Pennsylvania Gazette* (May-June 2020), forthcoming.

Presidential Commission for the Study of Bioethical Issues, *Ethics and Ebola: Public Health Planning and Response* (2015).

[https://bioethicsarchive.georgetown.edu/pcsbi/sites/default/files/Ethics-and-Ebola\\_PCSBI\\_508.pdf](https://bioethicsarchive.georgetown.edu/pcsbi/sites/default/files/Ethics-and-Ebola_PCSBI_508.pdf). Read pp. 4-9 only.

5:30-6:25

Telework and Virtual Teams  
Martine Haas

#### Reading:

Martine Haas and Mark Mortensen, "The Secrets of Great Teamwork." *Harvard Business Review* (June 2016).

6:25-7:20

Seeing the Future to Predict Disease Spread  
Barbara Mellers

#### Reading:

Philip Tetlock and Dan Gardner, *Superforecasting: The Art and Science of Prediction*. New York: Crown Publishers, 2015, chapters 1 and 12.

After-class optional activity, Thursday April 23, 5:30-6:00

Q&A with Dr. Daniel Skovronsky, President and Chief Scientific Officer, Lilly Research Laboratories.

## Week 6: April 29

### Pre-class videos:

1. Alberto Duran, Founder and Chief Executive Officer, Mundivox Communications, WG'93 [telecom]
2. Adam Grant, Professor of Management, Wharton School [resilience]
3. Kenny Lam, CEO of Two Sigma Asia Pacific, W'96 [financial]
4. William Lauder, Executive Chairman, Estée Lauder Companies, W'83 [consumer products]
5. Dan Schwab, Co-President, D&H Distributing Co., W'91 [supply chain]
6. Mallika Srinivasan, Chairman and Managing Director, Tractors and Farm Equipment (TAFE), WG'85 [agriculture]

4:30-4:40

Final Team Paper Discussion

Mauro F. Guillén

4:40-5:55

From Climate Law to Pandemic Insurance

Carolyn Kousky and Sarah Light

### Readings:

Carolyn Kousky & Howard Kunreuther, *A Framework for Managing Catastrophic Risks* (Wharton Risk Center Issue Brief, August 2018),

<https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/08/Framework-for-Managing-Catastrophic-Risks-2018Aug9.pdf>

Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak (Mar. 13, 2020),

<https://www.whitehouse.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak/>

Letter from President Donald J. Trump on Emergency Determination under the Stafford Act (Mar. 13, 2020), <https://www.whitehouse.gov/briefings-statements/letter-president-donald-j-trump-emergency-determination-stafford-act/>

White House, Executive Order on Prioritizing and Allocating Health and Medical Resources to Respond to the Spread of COVID-19 (Mar. 18, 2020),

<https://www.whitehouse.gov/presidential-actions/executive-order-prioritizing-allocating-health-medical-resources-respond-spread-covid-19/>

Memorandum on Order Under the Defense Production Act Regarding General Motors Company (Mar. 27, 2020), <https://www.whitehouse.gov/presidential-actions/memorandum-order-defense-production-act-regarding-general-motors-company/>

Memorandum on Order Under the Defense Production Act Regarding 3M Company (April 2, 2020), <https://www.whitehouse.gov/presidential-actions/memorandum-order-defense-production-act-regarding-3m-company/>



5:55-7:10

The Changing Significance of Borders

Beth Simmons

Readings:

David J. Bier. "Research Provides No Basis for Pandemic Travel Bans." April 15, 2020.

<https://www.cato.org/blog/research-provides-no-basis-pandemic-travel-bans>

Charles Kenny. "Pandemics Close Borders—And Keep Them Closed." March 25, 2020.

<https://www.politico.com/news/magazine/2020/03/25/trump-coronavirus-borders-history-plague-146788>

Beth Simmons. "On the Border of Anxiety." Wilson Quarterly, Fall 2019.

<https://www.wilsonquarterly.com/quarterly/borders-and-beyond/on-the-border-of-anxiety/>

7:10-7:20

Conclusion

Geoffrey Garrett

Mauro F. Guillén

## Appendix A: Final Team Paper

### Final Paper (30%): Team Assignment

1. **Team formation.** We will let you know when a Canvas a mechanism is ready for you to self-form teams of 3-4 students (no exceptions!). Students who are not part of a team **by Monday April 27 at noon** will be randomly assigned to a team within these groups: undergrads, full-time MBAs (and other Penn graduate students), and MBAs for Executives.
2. **Choosing a topic.** The paper should be focused on a specific topic related to COVID-19.
3. **Doing the research.** I have compiled a Chronology and a list of Sources of Information on COVID-19 that I think will be useful for your research. You must cite in the paper **at least three (3) sources**. Please go to this link:  
[http://www.management.wharton.upenn.edu/guillen/COVID19\\_Resources.htm](http://www.management.wharton.upenn.edu/guillen/COVID19_Resources.htm)
4. **Writing the paper.** The paper must be double spaced. It must include title, authors, abstract, main body, conclusion, and references. The required length is about 1,400 words (1,350-1,450). The word count includes the abstract, main body, and conclusion only.
5. **Submitting the paper.** On Canvas, as a single pdf file only.
6. **Deadline:** 11:59 pm on May 6. Absolutely no exceptions and no extensions.
7. **Grading.** Each paper will be evaluated by at least 3 other students within the sections mentioned above.

### Peer Evaluation (10%): Individual Assignment

1. **Task.** Each student will be assigned one (1) paper to evaluate using the following scales:
  - Relevance of the topic to COVID-19 (0 to a maximum of 5 points).
  - Quality of the underlying research (0 to a maximum of 10 points).
  - Quality of the arguments (0 to a maximum of 10 points).
  - Quality of the conclusions (0 to a maximum of 5 points).
2. **Deadline:** 11:59 pm on May 10. Failure to provide an evaluation will result in no points for this assignment (10%).

**Exceptions:** Students who may not be able to participate in writing a paper and meet the deadlines due to a *force majeure* should contact me directly ([guillen@wharton.upenn.edu](mailto:guillen@wharton.upenn.edu)). I will grant exceptions and propose alternative arrangements on a case-by-case basis, and only under severe extenuating circumstances.