

Matthew Rafferty

Most textbooks on financial crisis are outdated, so Rafferty writes own

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In 12 years at Quinnipiac, Matthew Rafferty has watched only four of his students go on to earn PhDs in economics. Most of the rest are now bankers, financial managers, lawyers or working in any number of business-related jobs.

Yet he found many of the available intermediate economics textbooks were too abstract for students pursuing careers outside of academia: heavy on theory, light on real-world relevance. None were up-to-date enough to mention the global financial crisis that has permeated discussions—both in his classroom and at the dinner table—in recent years.

So Rafferty joined two prominent economists, Columbia Business School Dean R. Glenn Hubbard and Anthony O'Brien, professor of economics at Lehigh University, in creating their own text, one that would focus more on finance and current events.

Leading textbook publisher Pearson Education published the book, "Macroeconomics," in July, and Rafferty has begun using it in his intermediate macroeconomics course this semester.

"The topics that don't appear in the textbooks enough are the financial topics," says Rafferty, chair of the economics department at QU's School of Business. Yet the 2008 financial meltdown and the troubled economy that followed highlighted the link between financial markets and macroeconomics like never before. Not to mention, it had a direct bearing on students' lives, including future job prospects, which was bound to keep them interested.

From the bankruptcy of General Motors to the bursting of the U.S. housing bubble, the textbook uses contemporary events to illustrate economic concepts. A chapter on the financial system, for example, explains the collapse of Lehman Brothers in 2008 and includes a timeline on the financial crisis. In another, the authors explain the concept of hyperinflation—when governments allow their money supply to grow too rapidly—with a 2009 example from Zimbabwe. The value of the nation's currency had fallen so low that people used it for toilet paper.

"A lot of textbooks start off a chapter telling you, 'This is what you're going to study.' We tend to start off with an example, usually an event or a phenomenon, and then we come back to it several times during the course of the chapter," Rafferty explains. "For example, people are talking about China and when it will have a larger economy than the United States. So we start out talking about that, and the model from the chapter explains why some countries grow quickly or slowly."

The authors end each chapter by analyzing news articles from publications like the Wall Street Journal, Bloomberg Business Week and USA Today.

Rafferty, who earned his PhD and MA from the University of California-Davis and his BA from the College of William and Mary, had worked informally on two previous textbooks by Hubbard and O'Brien. "When they decided they were going to do an intermediate macro textbook, my name came up and I accepted," he says.

Rafferty expects to know more about how well the book is selling by spring. Because it was published in July, it was too late for many colleges to adopt for the fall semester. For his own students, Rafferty has promised to donate his share of royalties to defray the cost of purchasing the book. "I think they were surprised when they learned how little it was," he jokes.

Rafferty teaches courses in macroeconomics, money and banking and economic growth. His latest research focuses on how executive compensation influences corporate research and development policy. In the past, he has worked as a consultant for the Connecticut Petroleum Council on legislation to regulate gasoline markets. While he says the textbook project was time consuming, Rafferty hasn't ruled out doing another.

"I'm an academic," he notes. "Someone was paying me to dig around and make graphs and think about things and present them—what could be better?"

—NATALIE MISSAKIAN