



Editorial

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The papers in this issue address the impact of incentives and teaching on students' understanding. To what extent should economics educators expect incentives and/or teaching methods to improve students' understanding? Extrinsic or intrinsic incentives may affect students' effort and also the way they approach learning. Teaching methods may affect the fruitfulness of students' efforts.

Chen and Lin investigate students' use of online lectures as supplements – and to some degree – as substitutes for attending classes. Given evidence of the association between class attendance and grades, the relationships between class attendance, viewing online lectures and grades are of considerable interest. The associations found in their data are consistent with a positive effect of use of online lectures. As Chen and Lin conclude, this provides grounds for further studies which examine whether there is a causal effect.

More than ever, it is important for us as teachers to motivate and inspire students to want to learn economics. This is true more than ever because students can access so many alternative sources of economics content and learning resources available on the web, instead of attending our classes. If motivating students is so critical nowadays, we should be careful of potential de-motivators such as an overemphasis on grades rather than the intrinsic value of learning, which can occur according to the educational psychology literature. In this issue, Hadsell and MacDermott explore attitudes of economics faculty in the U.S. towards the importance of grades. They find that faculty like to emphasise grades in an attempt to motivate students. The likelihood that this is counterproductive for a good number of students is a concern. The authors suggest several strategies for de-emphasising grades in teaching.

Kneppers and colleagues investigate the way in which teaching helps students to build an integrated understanding of the subject. They distinguish between instances when students make connections between different abstract economic ideas and instances when students make a connection between an abstract idea and a particular context. Their results, from a comparison of two teaching approaches, emphasise the complexity of these learning processes. Teaching which encourages students to make connections makes a lot of sense, and it is difficult to see how teaching which treats the subject as a set of isolated ideas will be of much help to students. Still, as this research shows, we still have much more to learn about how students build a coherent understanding and how this coherence is affected by teaching.

Students' peers also have the potential to motivate and demotivate. Teasing out this effect empirically is, however, difficult. Contreras, Badua and Mitchell do this by apply a two stage least squares methodology. They find that "high ability" students have a positive effect on their "high ability" peers but a negative effect on "low ability" peers – the latter they attribute to an "intimidation factor". This finding adds grist to the mill of the age-old debate in education about streaming of classes by academic ability.

The use of classroom experiments, simulations and games - particularly online applications - is perhaps the fastest growing field in economics education. This is reflected in several recent articles in IREE

including our special issue (9.2) in 2010. In the current issue Kennedy presents an online simulation to illustrate the concept of moral hazard arising from health insurance. In the game students typically exhibit moral hazard in that they seek health care more frequently and at a higher level when insured. Kennedy invites readers to contact him to obtain the software and assistance with importing the files.