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How can we tell incompetent from unlucky government?

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"The economy, stupid." An internal reminder for Bill Clinton's presidential election team eventually became one of the most famous slogans in politics. The first President Bush was duly kicked out by the voters in the teeth of a recession, and Clinton became the 42nd president of the United States.

That is a common story. While there are exceptions, voters tend not to re-elect governments that have trashed the economy. Barack Obama's electoral fortunes were clearly boosted by the collapse of the US economy – it is easy to forget that, before Lehman Brothers folded, John McCain had been ahead in the polls. After Northern Rock failed, Gordon Brown hesitated and then decided against calling an early election with the economy looking ropey. Unfortunately for him, it has been looking ropier ever since, along with his approval ratings.

But is this really fair? Gordon Brown's first line of defence is that we are facing a world economic recession, so it's not his fault. The opposition likes to point out the corollary: in that case, the good times weren't his doing either.

There's truth in both claims. Most domestic recessions have an international component. Japan and Germany are certainly in that situation now, having contracted faster than a cowboy's lasso. Robert Mugabe must take responsibility for Zimbabwe's economic disintegration, but it is hard to blame Taro Aso for the fact that Japan's economy shrank 4 per cent in the first quarter of this year.

The question is, can the voters tell the difference between an incompetent government and an unlucky one? Andrew Leigh, an economist at Australian National University, thinks not. In a recent article in the **Oxford Bulletin of Economics and Statistics**, he looks at 268 elections held across the world between 1978 and 1999. He estimates how much of a country's economic performance is due to booms in the world economy and how much is due to competent government – and whether the voters can tell the difference.

Both matter, but as far as the voters are concerned, it is better to be a lucky government than a skilful one. For instance, a one-percentage point increase in world economic growth above the norm is associated with a hefty rise in the chance that incumbents will be re-elected – from the typical chance of 57 per cent to a more than decent 64 per cent. A stellar domestic performance, outpacing world growth by one percentage point, contributes less than half as much to the chances of being re-elected, raising them from 57 to 60 per cent.

Why are voters so wretchedly ungrateful? The common-sense answer is that it is not easy to distinguish a lucky government from a skilful one. In addition – and this point is less obvious – an individual voter has little incentive to do so. We all know that elections are almost never decided by a single vote, and so each voter would be right to conclude that her vote is highly unlikely to make a difference.

We vote for many reasons – a sense of duty, a desire to participate, and so on – but nobody votes under the illusion that it's all down to him. And if the result does not depend on any particular one of us, trying to disentangle luck from skill by ploughing through the latest reports from the International Monetary Fund is likely to remain a minority hobby.

One other thing: Andrew Leigh finds some slight evidence that countries with high newspaper circulation have voters better able to distinguish luck from skill. Radio does not help, and television makes things worse. One more reason to switch off your set and pick up the Financial Times.

Tim Harford's 'The Logic of Life' is out now in paperback.

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