Politicians habitually practice voodoo economics, making rhetorical, logic-free connections between what they do and the health of the economy.

Were we to do what they want us to do, they tell us constantly, we would reap a cornucopia of economic benefits.

There may be some validity to those economic decrees at the federal level, especially in matters of tax policy, but state-level political nostrums are much less likely to generate the benefits their sponsors tout – even in a state as large as California, or perhaps especially in California, since its economy is global in scope.

While there are many factors that determine how well California is doing economically – such as international monetary exchange rates – it's very doubtful that the relatively minuscule actions of Sacramento politicians could have more than tiny, marginal impacts, their blandishments notwithstanding.

Gov. Arnold Schwarzenegger, he of outsized ego and grandiose ambitions, is especially prone to sweeping pronouncements about the economy and his supposedly pivotal role in affecting its health, albeit without any hard evidence to support his assertions.

To hear Schwarzenegger tell it, for instance, when he bullied and cajoled the Legislature into overhauling the workers' compensation system in 2004, he miraculously jump-started a sputtering economy.

Workers' comp reform was an important priority for business groups, to be certain, and the changes wrought by Schwarzenegger and the Legislature did have a dramatic impact on employers' costs, cutting them by an estimated $15 billion a year. But that's no more than 1 percent of the state's economy, which has since flattened out largely due to the bursting of the housing bubble.

That raises an interesting point: If politicians take credit when the economy expands, shouldn't they shoulder the blame when it contracts? Don't hold your breath.

It also brings us to Schwarzenegger's latest pronouncement – that California's economy would benefit immensely, and the state's chronic budget deficit would be narrowed, were his scheme for expanding health care insurance to the working poor to be adopted.
This is how he put it last week to a Latino health advocacy conference: "We want to make sure that through our negotiations and through our reforms we have more people, not less people, on health care. And in my reform we will pump $14 billion into the economy, into the health care system, which almost none of it will come from general funds. Instead of cutting people from coverage, we will be adding people to coverage, and that is the whole idea of our reform. And that will bring down the costs for everyone, and it will provide relief for businesses and for families. And this is extremely important, may I tell you, because in turn we will help the California economy and we also will help in turn our budget."

At least two-thirds of that $14 billion would come from California employers, hospitals or, if Schwarzenegger has his way, patrons of the state lottery – in other words, money that’s already circulating in the economy but that he wants to divert into health care. The rest would come from the federal government, but it’s simply ludicrous that a relatively tiny number of federal bucks would have any material effect on the $1.5 trillion-plus California economy.

The governor's second rationale is that by shoring up health care, it would relieve pressure on the state budget, and there's a tiny kernel of truth in that, but what he's really saying is that he wants to raise taxes to close the budget deficit – something he's always said he wouldn't do. Even so, health care is a relatively small portion of the state budget. The big ticket items are schools, prisons and higher education.

Voodoo economics indeed.