Or, L.A. is on the upswing

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While Joel Kotkin sees Los Angeles "fading rapidly toward irrelevancy," this month's Atlantic cover story posits that L.A. is one of the relatively few American places ideally situated to rise from the ashes of the recession. That's because L.A. is a high metabolism big city with a strong creative base, urban theorist Richard Florida argues. His thesis is that this recession marks the end of an economic era and a way of American life, and that the new suburbs of the West tied to the housing bubble may be hit as hard, and as permanently, as dying factory cities. He argues that home ownership is a drag on the economy and should be stripped of its traditional privileges.

Substantial incentives for homeownership (from tax breaks to artificially low mortgage-interest rates) distort demand, encouraging people to buy bigger houses than they otherwise would. That means less spending on medical technology, or software, or alternative energy—the sectors and products that could drive U.S. growth and exports in the coming years. Artificial demand for bigger houses also skews residential patterns, leading to excessive low-density suburban growth. The measures that prop up this demand should be eliminated.

If anything, our government policies should encourage renting, not buying....While homeownership has some social benefits—a higher level of civic engagement is one—it is costly to the economy. The economist Andrew Oswald has demonstrated that in both the United States and Europe, those places with higher homeownership rates also suffer

from higher unemployment. Homeownership, Oswald found, is a more important predictor of unemployment than rates of unionization or the generosity of welfare benefits.

Also in The Atlantic this month: Los Angeles writers [Sandra Tsing Loh](#), who says a new status anxiety is infecting affluent hipdom, and [Virgina Postrel](#), who describes her fight with breast cancer and the $60,000 bill for the drug Herceptin.