Los Angeles Times C

BUSINESS

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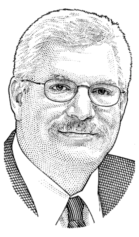
DOW 27,492.63 ▲ 30.52 | **S&P 500** 3,074.62 ▼ 3.65 | **NASDAQ** 8,434.68 ▲ 1.48 | **GOLD** $1,480.80 ▼ 27.20 | **OIL** $57.23 ▲ 0.69 | **EURO** $1.1065 ▼ .0062 | **U.S. T-NOTE** (10-yr.) 1.86% ▲ 0.08

Why 401(k)s don't do the job

MICHAEL HILTZIK



Retirement experts have debated for years over the consequences of America's shift from traditional pensions to 401(k)s and other so-called defined contribution plans.

Among the issues at hand: Do the new-style plans leave too many workers behind? Do they saddle employees with too much risk? Do they increase economic inequality?

It's fascinating, then, to see that two experts who commonly come at these questions from opposite sides of the political divide have collaborated on an important new analysis of how 401(k) plans have been working — and reached agreement that the plans haven't been working well enough to help workers save for retirement. They find that for various reasons, balances in defined contribution plans at retirement age are falling significantly short of what they could and should be. Some of the blame falls on the system itself, some on bad choices made by workers. More on that in a moment.

The study, published by the Center for Retirement Research at Boston College, is titled, "Why are 401(k)/IRA Balances Substantially Below Potential?" Its authors are Andrew G. Biggs of the pro-business American Enterprise Institute and Alicia H. Munnell, the center's director. They were assisted by the center's Anqi Chen.

One doesn't normally find Munnell and Biggs on the same page. Munnell, who was a Treasury official and economic advisor to the White House under President Clinton, has been sounding the alarm about the coming retirement crisis, in which Americans face their longer post-career lifespans without adequate financial resources.

Biggs' theme has been that the retirement crisis is "phony," in that retiring Americans have a lot more to spend than is commonly acknowledged. He has also been an advocate of Social Security privatization, which Munnell opposed, and a critic of plans to increase and expand the program's benefits.

It might have been instructive to listen in as

[See **Hiltzik,** C5]

MARK WILSON Getty Images

ANDREW G. BIGGS has advocated privatization of Social Security.

IRFAN KHAN Los Angeles Times

AIRLINES have invested millions in technology so passengers can track baggage with their cellphones.

Luggage tracking apps still have a ways to go

The tech remains unreliable — when humans are involved

WALLY SKALIJ Los Angeles Times

THREE-QUARTERS of airlines plan to offer passengers real-time baggage tracking information by sometime next year.

By Hugo Martin

On a September vacation to celebrate their wedding anniversary, Marci and Eric Rose landed in Greece on an American Airlines flight and were notified by the airline's smartphone app that their baggage was waiting for them at the baggage carousel.

The app was wrong.

The luggage made the first leg of the trip, from Los Angeles International Airport to Chicago's O'Hare International Airport, but had not been loaded into the plane to Greece, despite what the app said. The mishap forced the Simi Valley couple to buy clothes and toiletries until the bags were found and sent to Athens — soaking wet — 2 ½ days later.

"It was beyond frustrating," said Marci Rose, a business manager. "I cried. I didn't have any clothes to wear. There was nothing we could do."

The nation's largest airlines have invested millions of dollars in technology over the last eight years to give passengers the ability to track their bags in hopes of addressing the biggest headache of flying: losing luggage. More than three-quarters of airlines worldwide plan to offer their passengers that tracking power by 2020.

But the Roses' mishap — and social media complaining — shows that luggage tracking technology is far from 100% accurate.

The weak link? People.

"When it involves humans, you will always get errors," said Peter Drummond, portfolio director for

[See **Luggage,** C3]

DEAL HINGES ON U.S. LIFTING TARIFFS

China seeks a rollback of existing duties, not just a halt on new ones. Will Trump give up a favorite weapon?

By Jenny Leonard

China is setting its price for signing an interim trade deal with the United States: Drop the tariffs.

The question is whether President Trump will pay it.

With talks underway over a narrow agreement to defuse the escalating trade war, Beijing has asked the Trump administration to eliminate some of the duties the president has imposed. China also made clear that new tariffs are a nonstarter.

For Trump, the self-proclaimed "Tariff Man," the challenge is how — or whether — to walk back duties that have formed a central plank of his effort to remake U.S.-China trade.

With the U.S. presidential election only a year away, the two sides are trying to hammer out a relatively narrow "Phase One" deal that Trump and his Chinese counterpart, Xi Jinping, planned to sign at a now-canceled Asia-Pacific summit in Chile next week. In the quest for a new location, China is seeking a rollback of tariffs before Xi agrees to take the politically risky step of heading to the U.S. to sign a deal.

People familiar with the deliberations say Beijing has asked the Trump administration to pledge not only to withdraw threats of new tariffs but also to eliminate duties on about $110 billion in goods imposed in September. Negotiators are also discussing lowering the 25% duty on about $250 billion that Trump imposed last year, the people said. On the U.S. side, people say it's not clear whether Trump, who will have the final say, will be willing to cut any duties.

From the Chinese perspective, the argument is that if Beijing is going to remove one big point of leverage and resume purchases of American farm goods and make new commitments to crack down on intellectual property theft — the key elements of the interim deal — then it wants to see equivalent moves to remove tariffs by the U.S. rather than the

[See **Tariffs,** C4]

Montage Hotels rolls out luxury residences

Laguna Beach firm hopes Sunset Strip condos will tap into a growing appetite.

By Roger Vincent

The founders of the Montage luxury hotel chain intend to crack the high-end residential market in West Hollywood with the company's hipper Pendry brand condominiums under construction on the famed Sunset Strip.

The Pendry Residences West Hollywood, which just hit the market, are part of a more than $500-million complex being built on the former site of the House of Blues on Sunset Boulevard that will include a splashy Pendry hotel intended to pamper a showbiz clientele.

Pendry's expansion is just one of several large-scale real estate developments in recent years that are transforming the Strip into an even more upscale enclave than before with the addition of hundreds of pricey new hotel rooms, apartments, restaurants and clubs.

The evolution of the Pendry site is emblematic of the change, having entered public awareness as the home of actor John Barrymore, then becoming a popular restaurant location for decades before giving way to the House of Blues nightclub in the 1990s. The club known to passersby for its tin shack facade closed in 2015 to make way for the Pendry project.

Montage's goal is to create a buzzing, Strip-worthy hotel facing the boulevard with 40 relatively secluded residences in separate build-

[See **Montage,** C4]

Hayes Davidson

THE PENDRY Residences West Hollywood, pictured in an artist's rendering, are being built on the former site of the House of Blues on Sunset Boulevard.

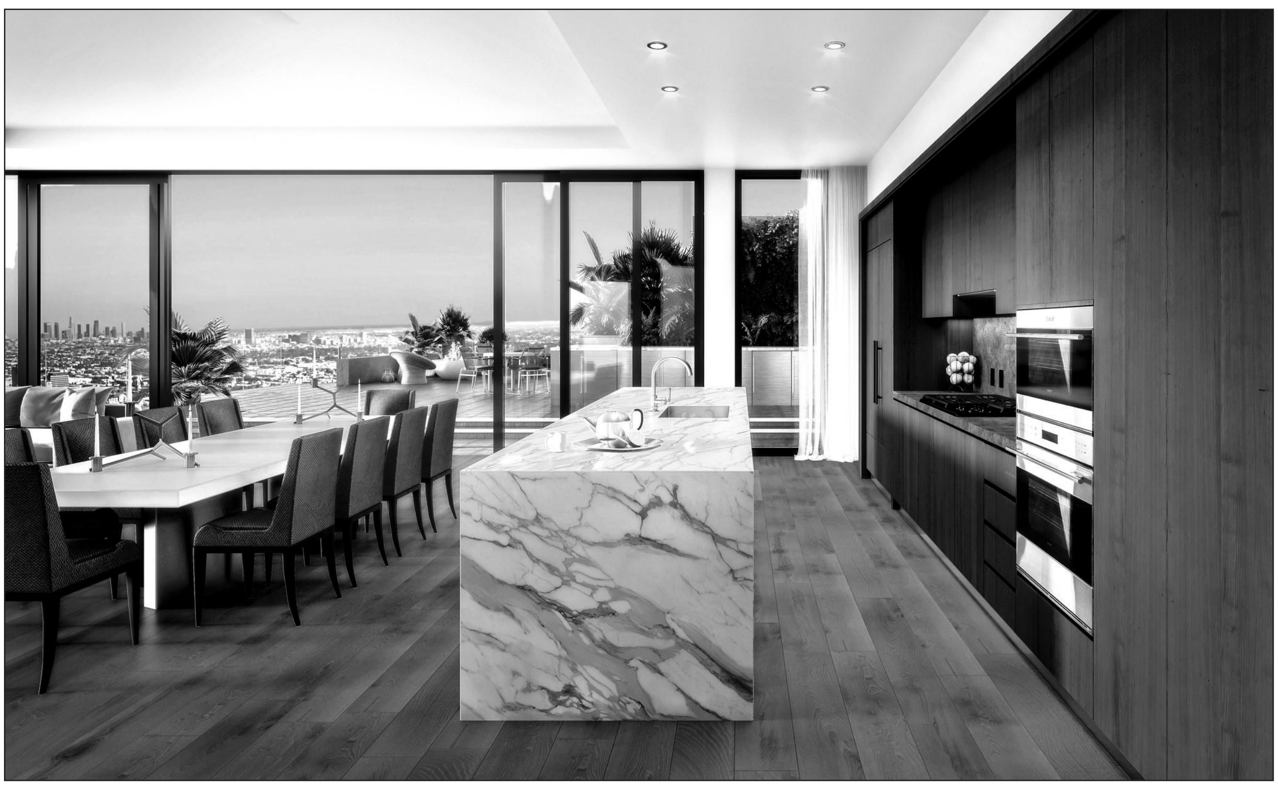
Less antitrust enforcement

The U.S. has brought fewer antitrust cases under Trump than under any other president in years. **C2**

Agency reviews Uber fatality

The robocar that struck a woman in 2018 wasn't designed to react to jaywalkers, the NTSB says. **C3**

Market Roundup .. C4



Hayes Davidson

AN INSIDE look at the Pendry Residences, in an artist's rendering. Prices will start at $3 million, or about $1,000 a square foot, for a 2,900-square-foot unit. The biggest units hit 6,000 square feet and have terraces.

Rolling out luxury residences

[**Montage,** from C1]
ings behind it stretching south to Fountain Avenue, where residents will have their own entrance. The complex is set to open next summer.

People who live at the Pendry can dine and play at the hotel, which will have a 200-seat music venue, or retreat to their own small neighborhood where some units will have sprawling landscaped terraces, private swimming pools and outdoor kitchens, Montage Hotels & Resorts founder Alan J. Fuerstman said.

"It's like having a Hollywood Hills-style home right on Sunset," he said. Laguna Beach-based Montage Hotels is banking on the type of reception its Montage residences got in Beverly Hills, where there is a waiting list for resales of the 20 units completed in 2008.

The last two properties sold there commanded nearly $4,000 a square foot, a top-level price for Los Angeles-area condos, said Tina Necrason, who is in charge of Montage's residential arm. "We know there is demand."

At the Pendry, prices will start at $3 million, or about $1,000 a square foot, for a 2,900-square-foot unit. The biggest residences hit 6,000 square feet and have 3,400-square-foot terraces, but the developers declined to reveal their prices.

The growth of hotel-connected residences is an international phenomenon, according to a report last month by London real estate services company Savills. A record number of hotel-branded complexes have opened so far this year, delivering more than 9,000 units in 21 countries, with even more expected in 2020.

"Globally mobile, brand-conscious, wealthy individuals are attracted by quality design, security and the level of service branded residences offer," Savills said.

Los Angeles has trailed other international cities in building hotel-connected residences, but others are in the works besides Pendry.

The Four Seasons Private Residences complex is nearing completion across 3rd Street from the Four Seasons Los Angeles at Beverly Hills.

In Century City, Fairmont-branded units will be included in the renovated Fairmont Century Plaza Hotel set to open next year.

"There is a big gap in branded living in L.A. compared to other markets," said Warren Wachsberger, managing director of Aecom Capital, a partner in the development of Montage's $3.2-billion real estate portfolio. Beverly Hills real estate services company Combined Properties is also a partner in the Pendry project designed by Ehrlich Yanai Rhee Chaney Architects.

Common amenities for residents of branded condominiums include optional hotel perks such as maid visits and room service. Food at the Pendry will be provided by Los Angeles chef Wolfgang Puck, who broke out on the Sunset Strip with the opening of his Spago restaurant there in 1982.

About 80% or more of the Pendry buyers are expected to be people who already live within a six-mile radius, perhaps with careers in music or other entertainment fields.

"People are recognizing that the kids have moved out and I've got this huge home in the hills," Wachsberger said. They may enjoy hotel services and find a condo more convenient to leave behind when they travel.

The 149-room hotel will be the third Pendry in a growing chain intended to attract a young-thinking clientele by melding elements of traditional luxury hotels with elements of boutique "lifestyle" hotels that are unique to their neighborhoods.

In addition to the live entertainment venue, the Pendry will have Puck restaurants, a rooftop bar, a screening room, a bowling alley, a spa and a private membership club called the Britely for people in creative fields. Suites at the hotel will be wired to accommodate Hollywood press junkets, where media members interview stars of upcoming movie and television releases.

The Sunset Strip area is seeing an influx of hotels including 1 Hotel West Hollywood, Kimpton La Peer Hotel and West Hollywood Edition, part of a Marriott International brand conceived by lifestyle hotelier Ian Schrager that opened last month. The new competition will push up vacancy rates, hotel consultant Bruce Baltin said, but overall "the market is doing well absorbing it."

Travelers in the fields of "entertainment, design and advertising all tend to like West Hollywood as a market," said Baltin of CBRE. "It's upscale but very active."

The average room rate in West Hollywood is expected to top $300 a night this year, up from less than $265 in 2014, according to CBRE.

The billions of dollars' worth of real estate development in recent years and in the pipeline is changing the character of the street long associated with a raw music scene at such venues as the Roxy Theatre and Whiskey a Go Go. Tower Records, a longtime mecca for fans and artists, closed in 2006. Velvet ropes and bottle service in clubs have damped the egalitarian vibe the Strip was known for over the decades starting in the 1960s.

Los Angeles historian Alison Martino, who grew up near the Sunset Strip and traveled it often with her father, singer Al Martino, said she is troubled by the scale of recent development, which she compared to Las Vegas, compounded by the shift in advertising from painted billboards to bright digital displays.

"Once they knock down the smaller structures, no one is going to have anywhere to walk except to another hotel," she said.

But to developers such as Montage and other supporters of growth, new properties are enhancing the Sunset Strip by bringing more people and activity.

A two-block residential, retail and hotel complex at Sunset and La Cienega Boulevard that was completed in 2017 was "a game changer," Wachsberger said, that gave the Strip "a walkability that didn't exist in the past."

Residents and visitors can stroll the bright boulevard or dip down a block south into a comparatively quiet residential neighborhood, he said. "You get the best of both worlds."

MARKET ROUNDUP

Dow, Nasdaq hit new highs again

ASSOCIATED PRESS

It's the market that continues mostly upward, even though there's still plenty to worry about.

The Dow Jones industrial average and the Nasdaq closed at record highs yet again Tuesday, and the S&P 500 closed barely below the all-time high it reached a day earlier.

The gains in recent weeks have been driven by company earnings that haven't been nearly as terrible as Wall Street was expecting, interest rate cuts, hopes for a trade truce and a steadily growing economy. In all, the S&P 500 is up 22.7% so far this year, putting it on pace for its best year since 2013.

The upbeat mood marks a pivot from the summer, when worries about trade, Britain's messy exit from the European Union and the slowing global economy loomed over the market.

Wall Street got through the bulk of third-quarter earnings season last week, and the results were much better than what investors had been anticipating.

As of Friday, 71% of the members of the S&P 500 index have reported their results, and 76% of them have been better than forecast, according to FactSet. Also, 61% have reported higher than expected sales, which is important in the wake of concerns about an economic slowdown and the U.S.-China trade war.

This doesn't mean earnings have been stellar. Expectations were low this quarter, and on a whole, profits in the S&P 500 are down 2.7% from a year ago, according to FactSet. But since companies are beating investors' mediocre expectations, it's provided the market with a base on which to rally.

The U.S. economy has repeatedly defied fears of a recession, which had resurfaced in late summer and early fall as trade tensions escalated. Reports on jobs, growth and consumer confidence in the last couple of weeks have pointed to an economy that is overcoming global threats and expanding for a record-long 11th straight year.

Last week, the government estimated employers added 128,000 jobs in October. It was a modest gain, but the figure was depressed by the temporary loss of about 50,000 striking GM workers and the subtraction of 20,000 short-term census jobs. Excluding those drags, the job gain would have been much higher.

Overall, the data suggested that most employers have looked past risks from a global slowdown and the U.S.-China trade war, threats that had caused much concern just a couple of months earlier. Over time, increased hiring tends to fuel consumer spending, which, in turn, could help lift corporate earnings and share prices.

The government also said last week that the nation's gross domestic product expanded at a 1.9% annual rate in the July-September quarter. That figure was roughly in line with the average annual growth throughout the expansion that began in 2009, suggesting the economy remains resilient.

And on Tuesday, an index that measures growth in the economy's vast service sector rose in October to show solid expansion after having touched a three-year low in September.

In Tuesday's trading, the Dow climbed 30.52 points, or 0.1%, to 27,492.63, the S&P 500 fell 3.65 points, or 0.1%, to 3,074.62 and the Nasdaq composite rose 1.48 points, or less than 0.1%, to 8,434.68.

The price of U.S. crude oil rose 69 cents to settle at $57.23 a barrel. Brent crude, the international standard, rose 83 cents to $62.96 a barrel. Wholesale gasoline rose 1 cent to $1.67 per gallon.

Gold fell $27.20 to $1,480.80 per ounce, silver fell 49 cents to $17.52 per ounce and copper fell 3 cents to $2.70 per pound.

The dollar rose to 109.24 Japanese yen from 108.64 yen on Tuesday. The euro weakened to $1.1065 from $1.1127.

Major stock indexes

Index	Close	Daily change	Daily % change	YTD % change
Dow industrials	27,492.63	+30.52	+0.11	+17.86
S&P 500	3,074.62	-3.65	-0.12	+22.65
Nasdaq composite	8,434.68	+1.48	+0.02	+27.12
S&P 400	1,999.33	+4.23	+0.21	+20.22
Russell 2000	1,599.61	+2.21	+0.14	+18.62
EuroStoxx 50	3,321.65	+6.29	+0.19	+20.35
Nikkei (Japan)	23,251.99	+401.22	+1.76	+16.17
Hang Seng (Hong Kong)	27,683.40	+136.10	+0.49	+7.22

Associated Press

MARK SCHIEFELBEIN Pool Photo

U.S. Trade Representative Robert Lighthizer meets with Chinese Vice Premier Liu He in February.

China demands Trump roll back tariffs

[**Tariffs,** from C1]
simple lifting of the threat of future duties.

That was the case reiterated by Chinese state media on Tuesday.

Tariffs, however, have been one of the primary weapons in Trump's arsenal to redirect manufacturing supply chains out of China, slow the country's rise as a global economic power and pressure Communist Party leaders into making more fundamental reforms to their state-led industrial policy.

Some of Trump's own aides are worried about the effect of the tariffs on the U.S. economy, however, as are many businesses.

Trade data out Tuesday for September showed tariffs have hit commerce between the world's two largest economies.

U.S. imports from China fell 4.9% from the prior month to the lowest in more than three years, while U.S. exports to China dropped 10% to a five-month low, according to the Commerce Department data.

There are also political risks for Trump in acceding to China's tariff demands. By agreeing to lift the duties, Trump — who seems increasingly eager to sign a deal with Xi on his home turf — would make himself vulnerable to domestic critics from both major parties. Businesses have also begun to grumble about whether the Phase One agreement would lead to any more, and about the fact that it wouldn't address many of their structural complaints about China.

The tariffs are also seen as an important enforcement tool both by people inside the administration and even some more traditional pro-free-trade Republicans such as Iowa Sen. Charles E. Grassley, who has said any deal is only worth the paper it's written on if China actually follows through on its promises.

U.S. Trade Representative Robert Lighthizer and other officials have consistently argued that the duties on $250 billion of goods are a way of enforcing that China lives up to its commitments and should be in place for the long term.

China has also previously demanded that Trump doesn't go forward with threatened duties on roughly $160 billion in imports, scheduled for Dec. 15, that would hit consumer favorites such as smartphones and laptops.

Taoran Notes, a blog affiliated with state-run Economic Daily, on Saturday wrote that canceling all tariffs is one of three main concerns that must be resolved. "Removing all the additional tariffs is a core concern that has not changed and will never change; even if there is a first-phase deal, this core concern should be reflected."

Meanwhile, China is reviewing locations in the U.S. where Xi would be willing to meet with Trump to sign the deal, Bloomberg News reported Monday. Chinese officials had initially hoped the signing would be linked to a formal state visit, but they're open to having Xi travel to the U.S. without one, the people said, adding that no final decision had been made.

Commerce Secretary Wilbur Ross told Bloomberg Television on Sunday that the two sides are on track to sign an agreement this month, but also didn't rule out that the timeline could slip by a few weeks. National security advisor Robert O'Brien said he was "cautiously optimistic" on the deal coming together.

"We're relatively close to an agreement," O'Brien told reporters in Bangkok, Thailand, on Monday.

The decision is now between Alaska and Iowa for the signing location, people briefed on the plans said.

According to a person familiar with the matter, Iowa was also on the short list of potential locations where the two countries could have signed their trade deal in the spring.

But Lighthizer and national security council officials pushed back against the idea, fearing that a signing in the farm state would put too much emphasis on the agriculture purchase commitments and less on the structural issues the deal would have addressed.

In a possible step aimed at making the deal more palatable to Trump, Chinese and American law enforcement officials on Thursday plan to highlight joint efforts to crack down on fentanyl smuggling, addressing an opioid epidemic that Trump has asked Xi to help alleviate as part of the trade talks.

"The event doesn't matter; only results in the U.S. and the fact that fentanyl basically can't be made without China matter," said Derek Scissors, China expert at the American Enterprise Institute.

Leonard writes for Bloomberg.