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# The Family Business in Alabama That Fights China for Survival

Long before Trump hit Beijing with tariffs, an American company making wire hangers won numerous trade cases involving Chinese hangers. Still it struggles to survive.

By *Chao Deng* [Follow](#) | *Photographs and video by Bob Miller for WSJ*

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LEEDS, Ala.—In a squat, beige building attached to a factory that churns out steel wire hangers, Milton Magnus was on the phone again, trying to persuade customers to stick with him, rather than switching to cheaper hangers from Asia.

When Magnus, 72 years old, hung up the phone, he peered at a database of shipments to the U.S. His eyes were tired. When he wasn't thinking about his own hangers, he was tracking all the other hangers flowing in, trying to tell whether they were from China or made in another country using Chinese steel. Trucks rumbled past to deliver rolls of steel wire, though they came more often when times were better.

It was just another day for Magnus, a silver-haired Alabama native waging a 22-year war against what he sees as unfair trade by firms on the other side of the world: One man versus China.

“It's been years of struggling, of trying different things, to hopefully save our business,” said Magnus. The devout Presbyterian says he prays daily for his company; M&B Hangers is one of the last remaining U.S.-based manufacturers of its type.

Magnus first testified on Chinese hangers in 2003 before a federal agency analyzing trade issues. He helped persuade the U.S. Commerce Department in 2008 to impose duties of up to 187% on imports of Chinese hangers, after arguing that China was selling its products at unfairly cheap prices. He has alleged U.S. tariff evasion in cases involving several American importers, and has dispatched investigators to check out supposed factory sites in multiple Asian countries.



A hanger machine at M&B twists the neck into shape.

Over the years, both sides of the political spectrum in Washington have begun to favor tariffs, with former President Donald Trump making a big tariff hike on goods from China a core part of his run for re-election.

But Magnus's drawn-out battle exemplifies the significant challenges that China and the shortcomings of U.S. trade policy pose for many American manufacturers, especially those that deal in lower-end, more run-of-the-mill products.

For some, it raises questions over whether the U.S. should even be in the business of protecting commodity goods like Magnus's, says Eswar Prasad, an economist at Cornell University.

"The question becomes whether the U.S. government should be using any of its resources in protecting this part of manufacturing," he said.

## Chinese hangers arrive

China began walloping American manufacturing in the 1990s, eliminating an estimated two million jobs in the U.S. within a decade and a half. Chinese steel wire hangers started flowing into the U.S. around that time, and by 2004, most American hanger factories had been wiped out.

Magnus, a tall, courtly man who wears ties on his factory floor (and owns cuff links embossed with tiny wire hangers), had lived his whole life near family in Alabama. At the time, he just wanted to continue the business founded by his grandfather in 1943. But suddenly, he found himself swept up in the global tide.



A worker at M&B organizes hangers on the production line.

He closed his factory in Virginia, laying off more than 80 workers, though he was able to cling onto his Alabama plant. He bought from Chinese factories, and even thought about moving his production there.

In about 2007, trade lawyers in Washington suggested another strategy: to fight. Magnus filed an “antidumping” case with the U.S. Commerce Department, arguing that Chinese manufacturers were exporting hangers for less than what they would sell for in China, in violation of international trade law.

The Chinese manufacturers didn’t appear at the final hearing before the U.S. International Trade Commission, but their American importers argued the U.S. simply wasn’t competitive and that many countries, not just China, could produce hangers more cheaply. In 2008, the Commerce Department ruled in favor of Magnus, and placed tariffs of up to 187% on Chinese hangers. Their numbers to the U.S. plummeted.

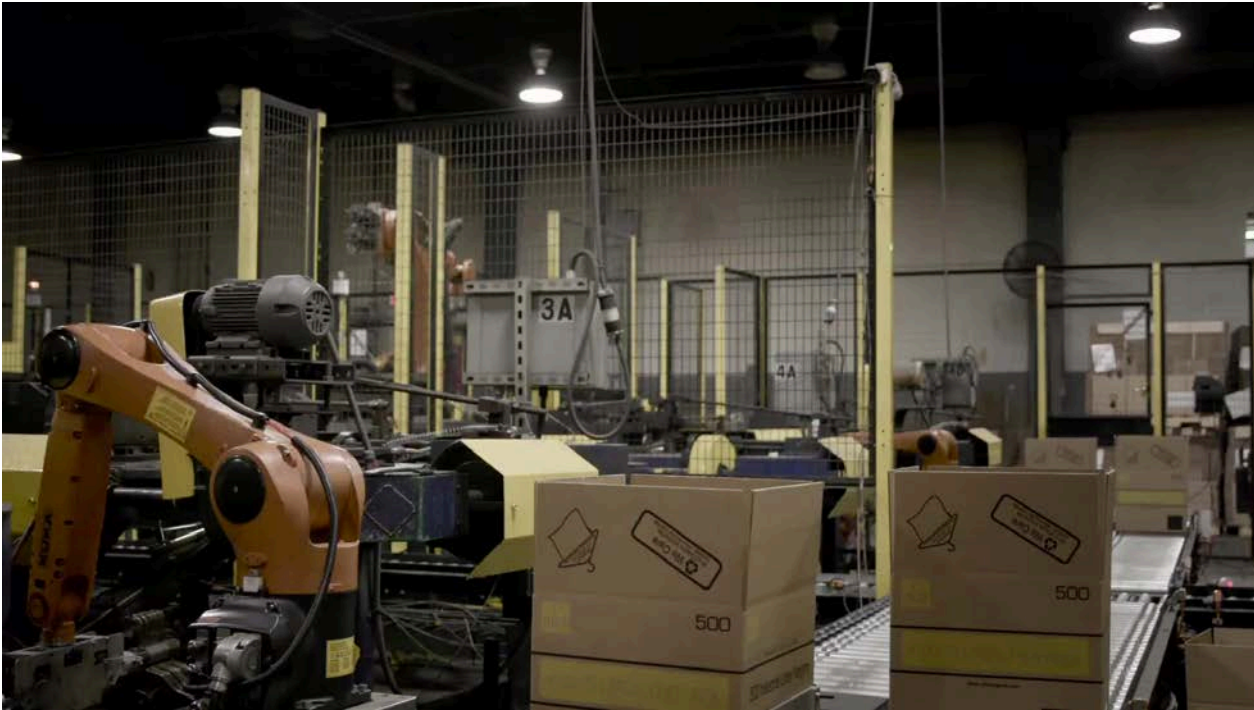
“That should have been the end of it,” said Magnus.

### **A short-lived win**

The next year, Magnus got reports of steel hangers arriving at U.S. ports from Vietnam and Taiwan.

He hired investigators, who turned up no factories in Taiwan, leading Magnus to suspect that some of the hangers were originating from elsewhere. In Vietnam, Magnus's investigators found that some facilities were simply adding a tube or paper component onto hangers premade in China. But they were labeling the shipments as originating in Vietnam.

Magnus and his lawyers filed trade cases in 2011 against Taiwan and Vietnam. The Commerce Department imposed tariffs.



A German-made robot packages finished hangers.

Then, hangers from Thailand, Malaysia, India and Sri Lanka started popping up. Magnus kept fighting. He and others lobbied for years for a law called the Enforce and Protect Act. The law, which ultimately passed in 2016, allowed Magnus to file claims of tariff evasion with U.S. Customs and Border Protection against a host of American hanger importers.

But the overall effect was like a Band-Aid on a bigger problem, said Magnus.

“It’s like a roller coaster. We file a trade case, demand for us goes way up, then there’s a new way of circumvention and demand goes down,” he said.

## Hangers from Cambodia

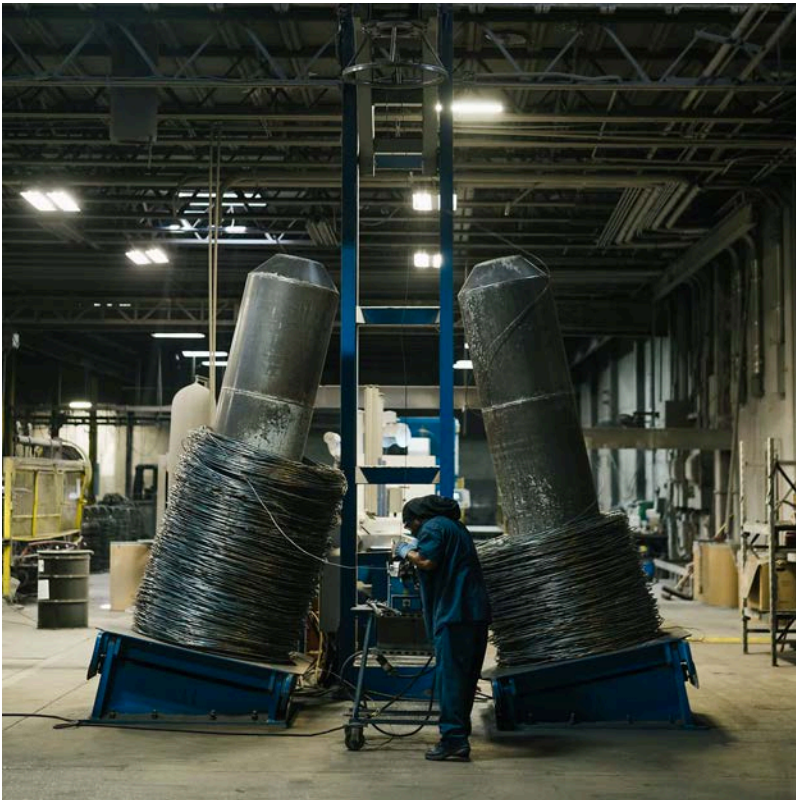
Late last year, M&B started bleeding money. Cambodia and South Korea had started shipping hangers after a lull caused by the pandemic, and their hangers were up to 30% cheaper than Magnus's. His customers began switching over. Sales disappeared.



“We had to do something. We couldn’t continue to lose market share,” said Magnus.

The Commerce Department had sided with American manufacturers in a recent case involving staples produced in Thailand using materials from China. Commerce imposed tariffs on all metal staples from Thailand, not just on individual offenders named in the case.

Magnus’s team decided to target Cambodia, with the hope that the U.S. would also apply countrywide tariffs.



A worker at M&B handles wire rods before they are stretched and thinned for production.

In a June trade filing, Magnus’s team showed evidence that China was sending steel wire to Cambodia for minor processing, which they argued was for the purpose of evading U.S. tariffs.

One Cambodian shipper they narrowed in on, called Alpha Hanger, appeared to be run by a Chinese company called Zhejiang Lucky Cloud Hanger Co., whose hangers were supposed to be subject to 187% U.S. tariffs. An investigator hired by Magnus traveled to Cambodia and learned that one of Lucky Cloud’s Cambodian firms had moved its hanger machines to Alpha Hanger’s premises. Lucky Cloud didn’t respond to request for comment.

The Commerce Department has yet to decide whether it will investigate. Meanwhile, Magnus is monitoring the roughly 16 million hangers from Cambodia that flow into the U.S. each

month. He has increased production in anticipation of winning the case, although the fear of customers cutting back on orders is always there.

“If they can buy cheaper, they’ll do it,” he said.



The Leeds, Ala., office and factory of M&B

## A costly fight

Magnus won’t divulge his margins, but says he pays close attention to his costs, from the price of steel—which he sources largely from Illinois, Texas and Oklahoma—to worker salaries, which run anywhere from \$15 to \$23 an hour. He has lowered the price of his hangers by about half since the early 2000s, largely because of competition from China, although he concedes Chinese hangers are still cheaper.

The two-decade trade fight, however, has cost him about \$2 million in legal fees, and has turned him into an unwitting trade guru.

Magnus feels that Washington has finally come around to his view that China is the U.S.’s largest economic threat, although he thinks more protection for businesses like his is needed. “When we filed our first dumping case, we were seen as the real bad guys. No one understood China,” he said.

Presidential candidates Trump and Vice President Kamala Harris have diverged somewhat on their approach to tariffs. Trump has pledged tariffs of 10% to 20% on most imports and 60% or higher tariffs on Chinese goods. Harris will employ “targeted and strategic tariffs” according to a spokesman for her campaign, but has called Trump’s proposals a “national sales tax” that would raise prices for the middle class.

President Biden has retained most of the tariffs Trump imposed during his presidency while adding others, such as on Chinese electric vehicles and critical minerals.



Milton Magnus spends long hours reviewing paperwork in trade cases.

Economists say Trump’s China tariffs have raised costs on both American households and manufacturers, some of whom sought exemptions from the duties. When Trump imposed tariffs on global steel, the American wire rods that Magnus bought briefly got more expensive, although he says he didn’t mind. Tariffs have also failed to keep out global competitors, add the economists.

And the scale of Trump’s tariffs, covering more than half the goods the U.S. buys from China each year, spawned a huge push by American businesses to petition for better enforcement of the tariffs as well as fresh duties, said Scott Lincicome, vice president of economics and trade at the Cato Institute, a libertarian think tank in Washington.

“Companies [devoted] massive amounts of resources to seeking protection and those are resources that could have been deployed elsewhere in the economy,” said Lincicome. Instead, “it’s just burnt up on lawyers and lobbyists.”

Magnus says he spends about a third of his time on his own legal battles. He sees tariffs as worth the trouble if they help save his Alabama factory, which now employs 50 people, about half of the workers it had at its peak. It also produces roughly half as many hangers.

Magnus is in the process of handing over management of M&B to his 42-year-old son, Mack. The family recently added a German-made machine to stretch and thin out wire rods. The hangers feel substantial in the hand, heavier than many of the flimsy ones from China. Magnus thinks American dry-cleaning shops can afford his, for eight to 20 cents a piece.

The U.S. buys about two billion hangers each year, more than half of which come from abroad, reckons Magnus. “Why shouldn’t we make them here?” he asks.

But for many consumers, price is everything. A foreign hanger costs a few cents less.



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