

## TRIMMING BARBER AND COSMETOLOGIST REGULATION WILL NOT HARM CONSUMERS

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Ohio Senate, Small Business and Economic Opportunity Committee

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Chair Rulli, Vice Chair Lang, Ranking Member Sykes, and all distinguished members of the Senate Small Business and Economic Opportunity Committee:

Thank you for inviting me to testify on the regulation of barbers and cosmetologists in Ohio. I am a professor of economics and director of the Klee Center for the Study of Occupational Regulation at Saint Francis University in Pennsylvania. I am also a senior affiliated scholar with the Mercatus Center at George Mason University. I have been involved with or led three federally funded grant projects exploring the effects of occupational licensing.

My own research and the research of other scholars has shown that licensing restricts entry into professions and leads to higher prices for consumers.<sup>1</sup> The main takeaways of my comments are the following:

1. More than 100 million residents in the United Kingdom and Spain and half of the member states of the European Union have lived without barber and cosmetologist licensing for decades, and there is no evidence that consumers have suffered as a result.
2. The state of Alabama did not license barbers for 30 years, and there is no evidence of any harm to consumers during this time period.
3. A recent research paper finds that consumers are much more interested in online ratings from peers than in state-issued licenses when choosing service providers.

Occupational licensing is not the only way to regulate a service, but it is the most onerous way.

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1. Edward J. Timmons and Robert Thornton, "The Licensing of Barbers in the USA," *British Journal of Industrial Relations* 48, no. 4 (2010): 740-57; US Department of the Treasury, Council of Economic Advisers, and US Department of Labor, *Occupational Licensing: A Framework for Policymakers*, July 2015.

The United Kingdom, Spain, and half of the members of the European Union do not require barbers or cosmetologists to obtain a license to work.<sup>2</sup> Barbers and cosmetologists in the United Kingdom can obtain certification if they choose to do so—it is completely voluntary. Barber and cosmetology schools continue to exist, and the market functions well. There is no evidence that the more than 100 million consumers in the United Kingdom, Spain, and other European nations have been harmed as a result of a lack of occupational licensing.

In the United States, the state of Alabama did not license barbers from 1983 to 2013. Once again, there is no evidence that consumers were harmed by the lack of licensing over this 30 year period. My own research illustrates that it was only after years of intense lobbying from the Alabama Board of Cosmetology that licensing was reinstated in 2013.<sup>3</sup> Consumer groups did not ask for this regulation.

There are several other services at least as important as barber and cosmetology services whose providers are not subject to licensing. Chefs and waitstaff at restaurants and auto mechanics are not required to be licensed. Chefs and waitstaff are regulated by random inspections and complete basic food safety training, and mechanics can obtain voluntary certification. All service providers are regulated by market discipline—poor-quality providers will not be in business for long.

I have never asked to see my barber’s state-issued license. Instead, I ask my friends or go online to learn about provider reputation and quality.

A recent research paper more formally documents this behavior: on an online platform for home repair contracting services, consumers are much more interested in the online ratings of service providers than in state-issued licenses.<sup>4</sup>

Today, it is hard to justify requiring licenses for barbers and cosmetologists in Ohio. The market has dramatically changed since many of these licensing laws were written. This proposed bill is an important first step toward recognizing this fact, but it is also time to more carefully reassess the costs of these regulations.

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2. EU Single Market Regulated Professions Database, “Hairdresser / Barber / Wig-Makers,” European Commission, accessed April 28, 2021, [https://ec.europa.eu/growth/tools-databases/regprof/index.cfm?action=profession&id\\_profession=12019](https://ec.europa.eu/growth/tools-databases/regprof/index.cfm?action=profession&id_profession=12019).

3. Edward J. Timmons and Robert Thornton, “There and Back Again: The De-Licensing and Re-Licensing of Barbers in Alabama,” *British Journal of Industrial Relations* 57, no. 4 (2019): 764–90.

4. Chiara Farronato et al., “Consumer Protection in an Online World: An Analysis of Occupational Licensing” (NBER Working Paper No. 26601, National Bureau of Economic Research, Cambridge, MA, January 2020).