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TESTIMONY

# TRIMMING BEAUTY SERVICE REGULATION WILL NOT HARM CONSUMERS

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Ohio House State and Local Government Committee

May 18, 2022

Chair Wiggam, Vice Chair John, Ranking Member Kelly, and all distinguished members of the House State and Local Government Committee

Thank you for allowing me to testify on the regulation of beauty services in Ohio. I am an associate professor of economics and director of the Knee Center for the Study of Occupational Regulation at West Virginia University. I am also a senior affiliated scholar with the Mercatus Center at George Mason University.

My own research, as well as the research of other scholars, has shown that licensing restricts entry into professions and leads to higher prices for consumers.[1] The main takeaways of my comments are the following:

1. Licensing is not the appropriate tool to regulate beauty services such as blow-dry hairstyling, eyelash extension, wig creation, and hair braiding.
2. Ohio will not be unique if it exempts these services from licensing.
3. In published research, I find that the removal of hair braider licensing in Virginia increased the number of small beauty shops by 8 percent.

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

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.[2] Barbers and cosmetologists in the United Kingdom can obtain certification if they choose to do so—it is completely voluntary. There is no evidence that the

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

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.[3] Consumer groups did not ask for this regulation.

Indiana, Kentucky, Michigan, West Virginia, and 20 other states do not require hair braiders to obtain a license to work. And entrepreneurs and consumers appear to have benefited from moving to a more appropriate level of regulation. I find that after Virginia removed licensing requirements for hair braiders the number of small beauty shops increased by 8 percent.[4] The intuitive explanation for this result is that lowering the barriers to entering the industry caused more aspiring entrepreneurs to enter it.

Today, it is hard to justify requiring licenses for beauty services in Ohio. Consumers have access to much more information about the reputation of service providers than when these licensing laws were written. Online reviews provide an alternative to inform consumers about provider reputation that is of substantially lower cost than licensing.[5] This proposed bill is an important first step toward recognizing this fact, but it is also time to more carefully reassess the costs of licensing in the beauty industry more broadly.

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. Edward J. Timmons and Catherine Konieczny, "Untangling Hair Braider Deregulation in Virginia," *Cato Journal* 38, no. 3 (2018): 679–700.
5. Adam Thierer et al., "How the Internet, the Sharing Economy, and Reputational Feedback Mechanisms Solve the 'Lemons Problem'" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, May 2015).