

TRIMMING BEAUTY SERVICE REGULATION WILL NOT HARM CONSUMERS

Edward J. Timmons

*Director, Knee Center for the Study of Occupational Regulation, West Virginia University
Senior Affiliated Scholar, Mercatus Center at George Mason University*

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Chair McGuire, Vice Chair Rhodes, and all distinguished members of the House Executive Departments and Administration Committee:

Thank you for allowing me to testify on the regulation of beauty services in New Hampshire. 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 and the research of other scholars have 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 application, makeup artistry, and threading.
2. New Hampshire will not be unique if it exempts these services from licensing.

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 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.

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. 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.

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.

Minnesota, Arizona, and Virginia exempt simple hairstyling from cosmetology licensing. At least 10 states including Maine, Massachusetts, and New York exempt makeup application from cosmetology licensing. Maine and several other states do not require eyebrow threaders to obtain a cosmetology license to work.

Today, it is hard to justify requiring licenses for beauty services in New Hampshire. Consumers have access to much more information about the reputation of service providers than when these licensing laws were written. Online reviews provide a substantially lower cost alternative to inform consumers about provider reputation than licensing.⁴ 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. 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).