

REVIEW & OUTLOOK

# Licenses to Kill Opportunity

**M**ore than ever, the government requires Americans to get permission to earn a living. In the 1950s one in 20 workers needed a license to work; now about one in four do. The rules hurt the working poor in particular, but everyone suffers in states with the most licensing requirements, as a new and comprehensive report by the Institute for Justice (IJ) illustrates.

IJ examined 102 lower-income professions across the United States. That list ranges from truck drivers to taxidermists, from school bus drivers to bartenders. The study assessed the difficulty of obtaining a license and the number of occupations subject to licensing requirements in each state.

Hawaii's prerequisites are the most grueling while Louisiana and Washington regulate the most professions, with both states requiring a license for 77 lower-income fields. The nearby table shows the 10 states with the highest occupational-licensing burden.

California has the most dysfunctional regime. Across professions, it has established "a nearly impenetrable thicket of bureaucracy" where "no one could" provide a "list of all the licensed occupations," as one state oversight agency admitted last year. California's door repairmen, carpenters and landscapers must first rack up 1,460 days of supervised on-the-job experience, then pay more than \$500 for the license, before they can work as a contractor.

The cost and time to obtain a license is no accident, as professional guild members sit on state licensing boards and reinforce the racket. They want to limit competition to keep prices high.

Until recently, the New Hampshire Board of Barbering, Cosmetology & Esthetics could levy fines on salons that have a barber's pole—or even a pole painted red, white and blue that resembles one—but no licensed barber. In February an Arizona board targeted a cosmetology student who dared to give free haircuts to the homeless. He risked being barred from the profession until Gov. Doug Ducey interceded.

Licensing proponents claim they're merely protecting public health. But the Institute for

Justice found that on average tree trimmers undergo 16 times more training than an emergency medical technician, and cosmetologists more than 11 times. That makes safety sense only if Edward Scissorhands styles your hair and trims your lawn.

The report also highlights how state licensing demands are inconsistent and often ir-

rational. Only three states and the District of Columbia require a license for interior designers. But in all four, aspirants must clock six years of education or experience, pass an exam, and pay between \$1,120 and \$1,485 for the license. That's far more training than is required for a dental assistant (Washington, D.C.), optician (Florida), midwife (Louisiana) or pharmacy technician (Nevada).

Stiff licensing requirements are often prohibitive for America's working poor, keeping them trapped in low-wage, low-skill jobs. Many states also bar people with a criminal record from working in a licensed profession. Society pays the price. Researchers at Arizona State University's Center for the Study of Economic Liberty found that in states with burdensome licensing

requirements, recidivism rates increased by more than 9% over a 10-year span. In states where it was easier to get a license, the rates went down.

Nationwide, licensing drives up prices by as much as \$203 billion annually. The requirements also hurt consumers by restricting access to goods and

services. Louisiana has around 400,000 more black residents than neighboring Mississippi. But in 2012 Mississippi had 1,200 licensed African-style hair braiders. Louisiana, which requires 500 hours of training, had just 32, according to IJ.

The study found that heavy-handed licensing doesn't follow party lines, which means the rules are rooted in political muscle more than ideology. Staunchly Republican Wyoming requires a sign-off for 26 lower-income professions, the lowest number of any state. But liberal Vermont is the runner-up, requiring a license for 31 occupations and beating out Montana and South Dakota.

That signals political potential for reform. Giving the poor a pathway to a dignified, self-supporting life should be a priority.

## A new study shows how state licensing rules block upward mobility.

### State Occupational Hazards

The 10 states with the highest number and worst average burden of occupational licensing requirements

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|---------------|------------------|
| 1. California | 6. Louisiana     |
| 2. Nevada     | 7. Virginia      |
| 3. Arkansas   | 8. Oregon        |
| 4. Arizona    | 9. Washington    |
| 5. Hawaii     | 10. Rhode Island |

Source: Institute for Justice

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