



BARRIERS TO ENTRY AND DEREGULATION IN THE U.S. HAIR BRAIDING INDUSTRY

By Audrey D. Kline

If you've ever taken a trip to the Caribbean on a cruise ship, one of the first things you'll see when you go ashore is young women with trays of beads set up to braid hair. The cruise staff will likely warn you not to do business with these women due to health concerns, not to mention they are illegally operating in their country. Natural hair braiding is popular among many populations, and it has traditionally been a regulated industry in the United States. In any principles of microeconomics class, licensing requirements are a textbook example of a barrier to entry, often sought by the industry itself to reduce competition for the incumbent firms. This is clearly the case in Kentucky, where the trade organization for cosmetologists threatened to sue the state following removal of the licensing requirement for hair braiding in 2016, claiming it was unsafe for customers. I often use the case of a bad haircut as an example to students of how ridiculous some industry licensing requirements can be. We all know that a license to cut hair does not ensure a good haircut! Of course, in the case of hair braiding, the states present the licensing requirement as a safety (health) and sanitation issue as well as assurance of some level of training in the cosmetology industry. Unlike a hair coloring, straightening, or other hair treatments that would require the use of chemicals, hair braiding is completely natural—there are no chemicals being used that could be a safety threat. Economist Walter Williams has noted that regulation in the hair braiding industry harms the weakest and poorest members of society as a result of the burden imposed by the licensing requirement.

The push to deregulate the hair braiding industry in the United States began in Washington, D.C. in the early 1990s as a result of a lawsuit filed by a

couple who owned a small shop which was once under threat of closure by the government due to burdensome training and licensing requirements. The [Institute for Justice](#) took their case and filed suit, resulting in a change in the training hours from over 1,500 to 100 hours. Since that time, the hair braiding industry has been deregulated in 23 states with more states seeking to modify or remove the licensing and training requirements in their state. The Institute for Justice pursued a [Braiding Freedom Initiative](#) in 2014, pushing to remove the burdensome cosmetology or related licensing requirements for hair braiders. Since the start of its initiative, 12 of the 23 states removed the regulations on hair braiders.

In July 2016, the Institute published [Barriers to Braiding](#), a study debunking the health and safety argument and showing the resulting unemployment that arises from the licensing requirement for hair braiders. The study found that the costs associated with licensing in some states (since there are tremendous variations) likely outweigh the supposed benefits of the requirement. One example of the absurdity of the licensing requirement points out that in Oklahoma, it takes a little less than one-fourth the amount of training hours to become an EMT as it does to become a licensed hair braider!

The onerous nature of the licensing requirements that still exist in many states was recently brought to light in an article in [Forbes](#), which notes that the state of Tennessee has fined hair braiders to the tune of just about \$100,000 since 2009. The licensing requirements there are steep—as are the penalties for being caught without a license. Tennessee requires licensing that entails at least 300 hours of coursework, leading to tuition costs as high as \$5,000, not to mention the lost work time to obtain the 300 hours of course work. As a result, many hair braiders take their chances, but a violation can result in fines of \$1,000 per incident. One stylist there, currently on a payment plan to pay her fines, has teamed up with the Institute for Justice seeking to eliminate the licensing requirement there like many other states have now done. Mississippi, for example, charges a \$25 registration fee and as a result has a strong industry with over 2,500 registered hair braiders. Undoubtedly, some braiders have uprooted from neighboring Tennessee and moved to a friendlier business environment in Mississippi. Removing the barrier to entry has resulted in a growth industry in Mississippi instead of a stifled entrepreneurial activity.

As many as nine states are currently seeking to deregulate the hair braiding industry by removing or greatly reducing the barrier to entry that currently exists. In an industry that does not rely on chemicals for its hair styling, and has historically seen minimal safety violations, the hair braiding industry is ripe for expansion if the states will get out of the way. Examining data from 2006 to 2012 across nine states and 9,731 registered hair braiders, the [Barriers to Braiding](#) study presents evidence that only 95 braiders had a complaint file, and most were in Florida. The primary result of the licensing requirements in states that still have them is the presence of fewer hair braiders in the industry, giving

more market share to those who have met the requirements, and forcing braiders to sometimes choose between relocating or operating illegally.

Given that there is no significant evidence to substantiate any health or safety argument for licensing in the braiding industry, it seems to be in everyone's best interest from an economic perspective to let a safe industry grow and thrive. More stylists can legally practice their craft, and states will benefit from the tax revenue generated instead of under the table exchanges in the industry. It's time to eliminate this barrier to entry and let the braiders grow their industry, free from vacuous regulations.

