



The Daily Dish

A Solid Step on Competition Policy

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As [detailed](#) by Fred Ashton and Savanna Scott, Federal Trade Commission (FTC) Chairman Andrew Ferguson has formed an FTC task force to investigate harms to workers from occupational licensing. He is especially interested in situations where “employers or professional associations advance or promote needless occupational licensing restrictions that can serve as an unwarranted barrier to entry and reduce labor mobility.”

This is a good step. The concern over occupational licensing is neither new nor partisan. As Council of Economic Advisers Chairman under President Obama, the late, great labor economist Alan Krueger highlighted the detrimental effects of excessive licensing requirements. The trick, as it turns out, is convincing the states – which are ultimately the authorities issuing the licenses – to do the right thing.

The first thing to note is that occupational licensing, which evidently dates to the 1870s in the United States, has really exploded recently: “In the 1950s, just one-in-20 workers was subject to licensure; that figure was over [one-in-five](#) in 2024. Recent research found that [46 occupations](#), ranging from esthetics and barbering to those in technical and skilled trades, have obligatory licenses across all 50 states and the District of Columbia.”

The second thing to remember is that a lot of this makes little sense. The authors note that “a physician is required to pay an [initial fee](#) of \$1,801 to receive an occupational license in California, but only \$35 in Pennsylvania. To be a professional land surveyor in Washington requires 16,000 hours of experience compared to 4,000 hours in states including Vermont, Wisconsin, and Maryland, among others.”

The third point is that occupational licensing has large economic impacts. Then-acting FTC Commissioner Maureen Ohlhausen testified in 2017 that the reduction in labor supply and mobility caused by excessive occupational licensing can lead to higher prices, reduced convenience or quality, and other labor market distortions. Her testimony noted that

licensing “is estimated to result in 10-15% higher wages for licensed workers relative to unlicensed workers, after adjusting for differences in education, training and experience” and leads to “higher prices for consumers.” Ohlhausen also cited a 2011 study that estimated “license-related restrictions have resulted in as many as 2.85 million fewer jobs nationwide, with an annual cost to consumers of up to \$203 billion.”

Finally, the problem can be traced to those states that delegate authority to a board that is dominated by those active in the market. If one’s economic success is at risk, the temptation will be to over-regulate and reduce competition - at the expense of the welfare of the general population.

It is a good step by the FTC, and Ashton and Scott detail potential paths forward for the policy.