**Chieppo & Enright: Licensing burdens thwart economic growth in Mass.Start the conversation**



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With Massachusetts and the nation facing the very real possibility of a looming recession, business and government leaders are looking even harder than usual for ways to create jobs and economic opportunity.  Immigrant entrepreneurs have proven to be a rich source of both.

Immigrants account for 17% of Massachusetts residents but start a quarter of the Commonwealth’s new businesses.  The overwhelming majority of those are small businesses.  Nationally, immigrants own 61% of gas stations, 58% of dry cleaners and 53% of all nail salons.

These entrepreneurs could create even more jobs that further lift wages and standard of living if not for the unnecessary obstacle of restrictive state and local occupational licensing laws.

Massachusetts has the eighth highest occupational licensing burden in the country, with a total of 167 professions that require a license.  Between 2012 and 2017, those license requirements expanded more than in any state except Maryland.

Let’s say you want to start a barbershop in Boston.  According to a recent study from the Institute for Justice, you’d have to go through 81 steps, fill out 21 forms, engage in 15 in-person activities, deal with six agencies, and pay 10 fees adding up to an average of $3,300.

All this might be worth it if licenses made businesses safer and/or improved quality.  But a 2019 Pioneer Institute study is just one in a mountain of reports showing that the license requirements are more often the product of successful lobbying by those already operating in the field who seek to raise their profits by limiting competition.  Among the fields that require a license in Massachusetts are fortune tellers, coin dealers, dancing schools and pinball machine retailers.

Licensing requirements tend to have precisely the effect that their proponents desire.  The Pioneer study found they create a 22% wage premium for license holders in Massachusetts, allowing them to adopt or maintain artificially high prices.  It’s good for them, but bad for everyone else and for the state economy.

Nationally, the immigrant entrepreneurship rate in states like ours with higher occupational licensing burdens is 11% lower than in less burdensome states.

As efforts to limit inflation by raising interest rates show signs of slowing the economy, state and local leaders should seize the opportunity to stop doing business as usual and eliminate occupational licenses that aren’t shown to improve safety or quality.

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