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Volume Title: Productivity Differences within the Service Sector

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Volume Publisher: UMI

Volume ISBN: 0-87014-443-X

Volume URL: <http://www.nber.org/books/fuch67-2>

Publication Date: 1967

Chapter Title: BACKGROUND

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Chapter URL: <http://www.nber.org/chapters/c1438>

Chapter pages in book: (p. 61 - 67)

## BACKGROUND

DURING the first decade of the twentieth century, two advances in technology, bearing revolutionary but dramatically opposed implications for the two industries, were introduced, and during the years that followed they won increasing acceptance. Widespread adoption of the safety razor not only ended the expansion of the relatively large and ancient service of barbering but precipitated an actual decline. Acceptance of the permanent-wave machine, on the other hand, marked the beginning of rapid expansion for the then insignificant and little-known industry of cosmetology.

The number of barbers began to decline following 1910, shortly after the safety razor was introduced. As late as 1920 the safety razor was priced at \$3.65, but it dropped to the popular price of \$1 the following year when the patent expired. During the 1930's the electric shaver was introduced; and by 1947 it had annual sales of \$2.5 million.<sup>12</sup> Yet as late as 1933 barber shops ranked first among all the service industries covered by the *Census of Business* in employment and receipts. Receipts for 1963 in constant dollars are about one-fifth lower than they were estimated to have been in 1929. Formerly, the barber's function was a fairly complicated one, for he was called upon to perform a wide variety of services. The demand for these services has fallen away to such an extent, however, that the barber's work today is stereotyped and essentially limited to one service—haircutting.

Beauty services traditionally were a function of the home. Fashion change, technology, and the movement of women into the labor force have encouraged the growth of the industry, with significant implica-

<sup>12</sup> George J. Stigler, *Trends in Employment in the Service Industries*, Princeton University Press for NBER, 1956, p. 102.

tions for productivity. The permanent-wave machine, although long in existence, required the impetus of fashion change provided by bobbed hair in the 1920's to make it popular. Since then a continuous series of technological innovations has been supported by fashion changes. So successful has the interplay between the two been that more women now demand not only the beautician's services but a wider variety of them.

## TRENDS IN RECEIPTS AND EMPLOYMENT

Table II-3 lends quantitative support to the foregoing generalizations. In 1929, barber shops were estimated to have had receipts over twice those of the beauty salons, whether measured in current or 1948 dollars. Both industries have increased their receipts in current dollars, but the beauty shops have done so at a much faster rate. Over the long run the receipts of barbers have tripled, and the beauty shops have had more than a tenfold increase. More informative is the per-

TABLE II-3  
*Receipts and Personal-Consumption Expenditures,  
Current and Constant Dollars*  
(\$ million)

	1929 <sup>a</sup>	1935	1939	1948	1958	1963
CURRENT DOLLARS						
Barber shops	332	209	231	399	783	907
Beauty shops	159	192	250	434	1,028	1,618
CONSTANT (1948) DOLLARS						
Barber shops	626	454	439	399	486	493
Beauty shops	286	399	458	434	831	1,184

Source: *National Income*, 1951, p. 192; *Census of Business*, 1935, 1939, 1948, 1958, 1963.

<sup>a</sup>Figures for 1929 are estimated receipts based on personal-consumption expenditures less 5 per cent for tips. See *National Income*, 1951, p. 111, for method of estimation. While these figures are not sufficiently reliable in absolute magnitude to serve as a base on which to calculate changes in productivity per annum, they are included here to show the trend in the two industries more clearly.

formance in constant (1948) dollars. Barber shops have declined from \$626 million in 1929 to \$493 million in 1963, while beauty shops have quadrupled from \$285 million in the earlier period to \$1,184 million in 1963.

Between 1939 and 1948, constant-dollar receipts fell in both industries. For barber shops this represented, in lesser magnitude, a continuation of the 1929-39 pattern of behavior. The receipts of beauty shops, however, had been increasing between 1929 and 1939, so that the 1939-48 drop reflects an interruption of the long-term trend. In the absence of any satisfactory explanation of this behavior, a question arises over the accuracy of the data, especially when Table II-4 is

TABLE II-4

*Receipts and Personal-Consumption Expenditures, Current Dollars*  
(\$ million)

	1939	1948	1963
<i>Census of Business</i> receipts plus tips <sup>a</sup>	505	900	2,726
Office of Business Economics personal-consumption expenditures	518	1,030	2,818

Source: *Census of Business*, 1939, 1948, 1963; *Survey of Current Business*, November, 1965, pp. 20-21.

<sup>a</sup>Five per cent has been added for tips in 1939 and 8 per cent in later years, following the procedure used by the Office of Business Economics.

considered.<sup>13</sup> *Census of Business* receipts and Office of Business Economics personal-consumption expenditures for the combined industries agree except for 1948, the year in question.<sup>14</sup> In this year personal-

<sup>13</sup> The introduction and sale of home-permanent kits in the late 1940's may possibly be a cause of the fall in receipts. The Bureau of Labor Statistics, noting a drop in employment between 1939 and 1948, rejected this explanation, without indicating its reason for doing so. The *Census of Manufactures* for 1948 did not report the number of home permanents sold, nor would the manufacturer disclose the information. Whether the sale of home permanents influenced the 1948 figures significantly remains unanswered.

<sup>14</sup> The industries cannot be shown individually because the Office of Business Economics discontinued reporting them separately for the last benchmark year.

consumption expenditures are higher and might therefore be thought more appropriate to use. The Office of Business Economics, however, adjusted *Census of Business* figures upward to correct for enumerator misses. This could not be done for 1939 and has not as yet been done up to 1963. Because the concern is with consistency in measurement over time rather than accuracy at a point of time, *Census of Business* figures have been used rather than personal-consumption expenditures.

Not only have barber-shop real receipts declined but so has the number of barbers. Table II-5 shows that the number of barbers per 1,000 males decreased from 4.2 in 1930 to 2.0 in 1960, and that the total number fell from 261,096 to 179,670.<sup>15</sup>

In 1933, as well as ranking first among all service establishments in employment, number of establishments, and receipts, barber shops accounted for about 12 per cent of receipts, \$204.3 million out of \$1.7 billion. In relation to receipts of \$811.4 million for the personal services only, barbering receipts accounted for 25 per cent. By 1963, services<sup>16</sup> had increased to \$39.5 billion, but the barber-shop receipts had risen to only \$906.6 million, representing about 2 per cent of the total. Personal services had risen to \$9.2 billion, so that the barber, instead of accounting for 25 per cent of total receipts, is responsible for only 10 per cent.

Beauty salons, in contrast, have kept pace with the expansion of personal services. In 1933, when receipts were \$116.8 million, they accounted for 14 per cent of personal-service receipts; in 1963, when receipts were \$1,618 million, they accounted for 17 per cent. Meanwhile, the number of beauticians per 1,000 females has risen from 1.9 in 1930 to 3.4 in 1960.

#### RESTRICTIONS TO ENTRY

Over the years the interest of both economists and members of the legal profession has been attracted by the measures of control, such as licensing laws, found in the service trades and professions. The barber industry is the archetype of strong control, and has therefore frequently been singled out for analysis.

<sup>15</sup> These figures include proprietors and wage and salary workers, whether part or full time. A part-time worker is counted as one worker.

<sup>16</sup> Excluding hotels and places of amusement, which were not included in the 1933 figures.

TABLE II-5  
Employment of Barbers and Beauticians, 1930-60

	Number of Barbers <sup>a</sup>	Barbers per 1,000 Males in Population	Number of Beauticians <sup>a</sup>	Beauticians per 1,000 Females in Population
1930	261,096 <sup>b</sup>	4.20	113,194 <sup>b</sup>	1.87
1940	209,259 <sup>c</sup>	3.20	206,592 <sup>c</sup>	3.18
1950	192,595 <sup>c</sup>	2.63	189,870 <sup>c</sup>	2.50
1960	179,670	2.03	305,858	3.36

Source: *Census of Population, 1930, Vol. 5, Table 3; 1950, U. S. Summary, Table 125; 1960, Occupational Characteristics, Table 2.*

<sup>a</sup>Males in the occupation group barber and beauticians are assumed to be barbers and females to be beauticians in 1930, 1940, and 1950. In 1960 the *Census of Population* provided separate information on employment in each occupation. These figures should be comparable with the figures for earlier years, since the percentage of males to females in each occupation has remained fairly constant over time.

<sup>b</sup>Gainful workers 10 years old and over.

<sup>c</sup>Employed persons 14 years old and over.

Control takes various forms—trade associations, unions, and state boards of barbers. The last named recommend and press for passage of legislation regulating wages, hours, prices, and the right to practice the occupation. These boards are typically composed entirely or mainly of practicing barbers appointed from the trade association and the union. Seldom is provision made for a member to be appointed from the public, even though the ostensible purpose of the board's existence is to protect the public welfare.

Attempts to restrict competition can be rigorous. Wisconsin, for example, created a statute effective June 28, 1961, which reads, "It is unlawful for any person to advertise a definite price for any barbering service by means of displaying a sign containing such prices so that the same is visible to persons outside the barber shop."<sup>17</sup> Similar laws had been enacted in 1942 by Rhode Island and in 1941 by Ohio.

There is wide variation among states in legislation bearing on the right to practice as a barber. All except New Jersey require some barber-school attendance; the number of hours required ranges from 900 to 2,000. Examination after graduation before the period of apprenticeship begins is customary; the fee for it is as high as \$50 in some states and as low as none or \$5 in others. The period of apprenticeship, during which earnings are restricted by law, ranges from six to thirty-six months. Following the apprenticeship is another examination costing from \$5 to \$50. A further barrier to entry is erected in some cases by refusing to give credit for out-of-state experience. Formal educational requirements, which exist in most states, range from eight through twelve years.<sup>18</sup>

Minimum-price legislation exists in some states, and prices are probably higher where this legislation exists.<sup>19</sup> The relation between the degree of unionization and barbers' wages has been studied, and an earlier work analyzed the effect of all barber legislation on prices.<sup>20</sup> These studies indicate that the supply of barbers has been limited and

<sup>17</sup> *Law Governing the Practice of Barbering*, State of Wisconsin, State Board of Health, Barber Division, insertion following page 6.

<sup>18</sup> *Research Report No. 3B, State Barber Laws*, National Association of Barber Schools, Inc., July 1, 1963.

<sup>19</sup> Simon Rottenberg, "The Economics of Occupational Licensing," in *Aspects of Labor Economics*, Princeton University Press for NBER, 1962, pp. 14-20.

<sup>20</sup> H. G. Lewis, *Unionism and Relative Wages in the United States*, Chicago, 1963, pp. 86-90; William F. Brown and Ralph Cassady, Jr., "Guild Pricing in the Service Trades," *Quarterly Journal of Economics*, February 1947, pp. 311-338.

their earnings and prices raised above the level that would obtain under more competitive conditions of demand and supply.

Control over beauty shops is less in evidence. There are licensing laws and a trade association for beauticians. The degree of unionization, however, is weak. Only 10 per cent of the membership of the Journeymen Barbers, Hairdressers, Cosmetologists, and Proprietors International Union of America is female. Eleven per cent of hairdressers are male, and only a fraction of them are union members.

Some comments on the effectiveness of controls will be made later after a discussion of the factors affecting productivity.