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'Cloud of fear': Threat of immigrant deportations leave some small businesses with fewer workers and customers

President Trump's immigration crackdown has focused on large, Democratic-run cities, but the fallout is also felt in rural America.



Downtown Paintsville, Kentucky (AP Photo/Bill Barrow)

Amelia Monroe

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About a dozen immigrants are detained every week in the Dalton, Georgia, area, according to Kasey Carpenter, a state lawmaker who represents the area. He worries the immigration crackdown has left a “chilling effect” on the

community, especially for small businesses reliant on the immigrant population.

“These people are scared to come out of the house, so they’re not spending money,” he said. “Wherever they’re working, those companies are having a hard time finding employees. Overall, there’s just a cloud of fear over the immigrant community as a whole.”

President Trump’s immigration crackdown has focused on large, “crime-ridden,” [Democratic-run cities](https://truthsocial.com/@realDonaldTrump/posts/114690267066155731) (<https://truthsocial.com/@realDonaldTrump/posts/114690267066155731>) that use “illegal aliens” for political benefit. But the deportations also are affecting Republican communities, such as Dalton, where foreign-born residents not only clean houses, serve food, and build homes but also support the local economy as consumers.

“My stance is basically to secure the borders, stop the flow of people coming in, get rid of the bad people,” Carpenter, a Republican, told *National Journal*. Instead of mass deportations, the federal government should “create a

pathway for the individuals that have been here for an extended period of time, that are good people that add value to your community.”

About 4.6 percent of the U.S. labor force, or about 7.5 million workers, are undocumented immigrants. The

[American Immigration Council](https://www.americanimmigrationcouncil.org/research/mass-deportation#:~:text=Nationally%2C%20mass%20deportation,transportation%20and%20warehousing,)

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[deportation#:~:text=Nationally%2C%20mass%20deportation,transportation%20and%20warehousing,](https://www.americanimmigrationcouncil.org/research/mass-deportation#:~:text=Nationally%2C%20mass%20deportation,transportation%20and%20warehousing,))

estimated mass deportations would remove over 4.5 million workers from essential industries including construction, agriculture, hospitality, manufacturing, general services, transportation and warehousing.

Past mass deportations have targeted corporations and large businesses, but this time, small businesses are being swept up as well.

Adriel Orozco, senior policy counsel at the American Immigration Council, which promotes pro-immigration policies, said this strategy aligns with the Homeland Security Department's large-scale plan to deport [3,000 people](#)

[per day.](#)

(<https://www.axios.com/2025/05/28/immigration-ice-deportations-stephen-miller>)

“That’s why we’re seeing this very aggressive enforcement right now, is because they’re trying to get to that number,” Orozco said.

The Small Business Administration's [plan to revitalize "Main Street"](#)

(<https://www.sba.gov/article/2025/03/06/administrator-loeffler-announces-sba-reforms-put-american-citizens-first>), rides on the coattails of

Trump’s immigration crackdown, threatening to impose loan restrictions on foreign-born applicants and relocate regional SBA offices out of "sanctuary cities."



HOTLINE

**Democratic governors
defend positions on
immigration at
Oversight hearing**

ABBY TURNER

(/s/728784)

Small-business advocates have criticized the effort for being counterproductive, bashing the SBA and its administrator for creating plans that undermine thousands of small businesses, [a bedrock Republican](#)

[constituency](#)

(<https://www.cnbc.com/2024/11/29/trump-election-confidence-surges-small-business-owners.html>).

‘Hurting more entrepreneurs than intended’

“Take a step back and think about what types of cities this is impacting,” said Alexis D’Amato, director of government affairs at the Small Business Majority, an inclusion advocacy group. “Instead of working to create commonsense immigration reform with Congress, taking away the resources will actually end up hurting more entrepreneurs than intended.”

Earlier this year, SBA Administrator Kelly Loeffler announced plans to move administration offices out of six “sanctuary cities”: Atlanta, Boston, Chicago, Denver, New York City, and Seattle. The Trump administration has sought to punish sanctuary cities that have pledged not to detain individuals based solely on their immigration status or help federal authorities arrest foreign-born residents who have not been charged with a crime.

“In Boston, one of the sanctuary cities that we’ll be leaving, 1,400 illegals, gangbangers, traffickers, sex offenders were arrested,” Loeffler said at a hearing on June 4. “We cannot support cities that don’t support federal law.”

Loeffler accused these jurisdictions of “harboring criminal illegal aliens,” jeopardizing the safety of Americans and small businesses.

At a hearing on Thursday, Govs. Tim Walz of Minnesota, JB Pritzker of Illinois, and Kathy Hochul of New York were adamant their states’ immigration policies do not impede state agencies’ cooperation with Immigration and Customs Enforcement during criminal cases.

[U.S. Code 1373](https://www.law.cornell.edu/uscode/text/8/1373)

(<https://www.law.cornell.edu/uscode/text/8/1373>).

restricts how far sanctuary city policies can go. Orozco said the federal statute prevents local or state governments from stopping the exchange of citizenship information.

“There is a question as to whether or not that itself is legal,” Orozco said. Various courts in New York and other states have found the federal statute infringes on the Tenth Amendment, which defines the balance of power between federal and state governments. But, Orozco said, sanctuary city policies tend to comply with all federal law, including Code 1373.

Filling jobs Americans don't want to perform



DAILY

Trump views El Salvador as the perfect country to send deported immigrants. Here's why.

In El Salvador under the Bukele regime, one human-rights activist says: 'The government can do whatever it wants to whomever it wants.'

CRISTINA MAZA

([/s/728302](#)).

Giovanni Peri, an economist and professor at the University of California-Davis, said the flow of migrants into the United States fills gaps in the labor sectors that Americans have opted to leave. He mentioned the

agriculture, construction, medical services, hospitality, and food industries.

Labor-force participation has been

[trending downward](#)

(<https://www.uschamber.com/workforce/america-works-data-center>) over the last 20 years.

Participation went down during the pandemic, triggering over 3 million adults to go into early retirement. Since 2021, total participation has stayed around 62 percent of the eligible workforce.

“Every month there are more job openings which are unfilled than potential unemployed people who can fill these jobs,” Peri said. The Trump administration is halting immigration into the United States and deporting undocumented immigrants, which will slow down company growth, increase labor shortages, and exacerbate heightened prices, Peri said.

In a February poll of its members, the Small Business Majority found nearly

[37 percent of entrepreneurs](#)

(<https://smallbusinessmajority.org/press-release/poll-finds-most-small-businesses-concerned->

[about-tariffs-mass-deportations](#)), are concerned mass deportations will negatively impact their business or suppliers' businesses.

If the Trump administration were to successfully deport only a portion of the undocumented workforce, it would have a resoundingly negative impact on the economy, Peri said. He emphasized that deportations generate fear in a population, essentially forcing immigrants into hiding.

The crackdown also could affect immigrants who own or are planning to open small businesses. About [20 percent of all new businesses](#)

([https://itif.org/publications/2024/11/22/over-20-percent-new-businesses-united-states-started-by-immigrants/?](https://itif.org/publications/2024/11/22/over-20-percent-new-businesses-united-states-started-by-immigrants/?ref=tdmlibrary.thediversitymovement.com)

[ref=tdmlibrary.thediversitymovement.com](#)), are started by immigrants, not measuring their status.

The SBA plans to require citizenship verification on loan applications. Lenders must prove recipients are not owned or partly owned by undocumented immigrants.

Cracking down on who can receive SBA loans is part of Loeffler's goal to end taxpayer benefits being funneled to support immigrants.

"It's not just moving these existing resources out, but it's also about making them smaller," D'Amato said.

Carpenter, the Georgia lawmaker, said he's spoken to fellow Republicans about the crackdown who share his concerns about effects on small businesses.

"They fully support getting rid of the 'bad' people," he said. "They're realizing that this is focusing on more than just 'bad' people."