

Warning Signs of the Economic Harms from Deportations

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Past large-scale deportations have damaged the American economy and hurt both immigrants and native-born workers—[the research is clear](#). Estimates of the consequences of deporting large numbers of the unauthorized in the present [find that](#) the results will mirror the past. In particular, economists forecast losses of immigrant laborers and their skills, leading to labor shortages, production declines and business failures. These, in turn, will lead to lost jobs and stagnating wages for native-born workers, shortages of goods and services and price increases. The impact will initially be most clearly seen in industries and areas of the country that heavily rely on immigrant workers before spilling over to the rest of the economy. Contrary to the claims that native-born workers will be helped—the evidence is that the economic damage done to them will far exceed any opportunities created and the country as a whole will end up suffering.

Although current deportations are only now ramping up to the levels threatened during the 2024 presidential campaign, over the last few months we have started to see both widespread anecdotal reports and verifiable warning signs in the data that the economic harms predicted are being realized.

One reason economic harm started before significantly expanded deportations is that the substantial border restrictions imposed earlier have been reducing the inflow of immigrant workers. The cycling of immigrants leaving the country being replaced in the workforce by others coming in has been disrupted. The country is losing workers without them being replaced with [adverse economic consequences](#). In addition, there is widespread reporting of unauthorized immigrants, and even authorized immigrants, who are reluctant to go to work and risk apprehension for themselves and family members.

Thus, although deportations have not yet reached the level of the past deportations which have been examined in the research, we are starting to observe signs of consequences. In the analysis below we focus on measures that are indicative of the impact of the reduced availability of unauthorized immigrant workers. We compare past patterns with current patterns in the economic data for industries with high concentrations of unauthorized immigrants. For some industries we also compare the patterns in the economic data between geographic areas with high concentrations of unauthorized immigrants with areas with lower concentrations. All else being equal, if the reduced availability of unauthorized immigrants for work is causing economic harm, one would expect to see worsening conditions for industries most affected by the labor shortage relative to the past, and larger impacts in areas that rely most heavily on an unauthorized workforce. For some industries, we are limited in our analysis by the availability of timely data—which for some data are only available quarterly or annually. We also note that, for any given comparison, there may be alternative explanations for what is seen in the data.

Nevertheless, when the patterns are consistent in multiple industries and reflect what is being widely reported anecdotally, there are strong warning signs that the economic harm predicted for mass deportations is starting to happen.

Construction

The construction industry employs large numbers of unauthorized workers: 13% of construction workers nationwide are unauthorized immigrants. In states with high concentrations of unauthorized immigrants the industry is particularly dependent on them for its workforce. The construction industry is affected by many economic cross-currents but anecdotal reports from across the country, and the data, indicate that it is starting to see the effects of the reduced availability of unauthorized labor.

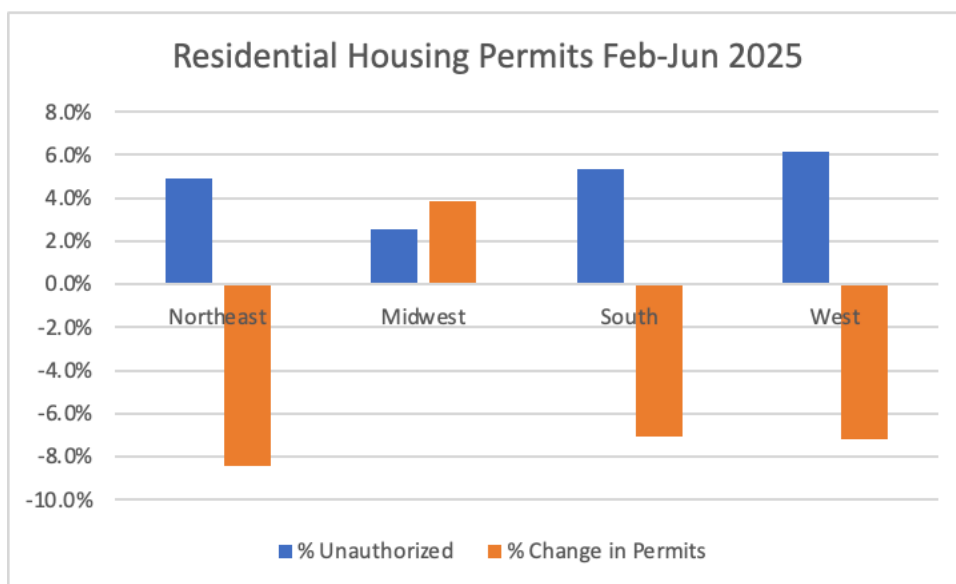
- Construction industry businesses across the country, from Florida, Alabama and Mississippi to the states of Washington and California, have reported losing workers, reducing production and the slowing and shutting down of projects.
- States that rely most on unauthorized workers are seeing declines in construction employment while other states see growth. The ten states with the highest concentrations of unauthorized immigrants saw their construction employment drop from June 2024 to June 2025 by 0.1% while all other states saw their construction employment grow by 1.9%.¹ The other states, many of which also have substantial numbers of unauthorized construction workers, also appear to have been affected, seeing their construction employment growth fall from 2.3% in the prior year.
- Using seasonally adjusted data (which are often revised, especially in times of economic volatility), the ten states with the highest concentrations of unauthorized immigrants saw construction employment drop by 0.2% from December 2024 to June 2025 while all other states saw their construction employment grow by 1.5% (again, down from last year's growth rate).²
- Although building permit data are only available by region, it is striking that the issuance of residential building permits—a possible indication of investor and builder confidence that workers will be available to build buildings—are significantly down in the regions with a higher share of unauthorized workers but up in the region with the lowest share of unauthorized workers. The northeast, south, and west regions, all with at least 4.9% of their workforce comprised of unauthorized workers, have seen *declines* of 17%, 3% and 4% respectively, in permits through June 2025 relative to the same point in 2024. The

¹ U.S. Bureau of Labor Statistics. *State and Metro Area Employment, Hours, & Earnings: Construction Employment (not seasonally adjusted)*. U.S. Department of Labor. Retrieved August, 2025, from <https://www.bls.gov/sae/data/>

² U.S. Bureau of Labor Statistics. *State and Metro Area Employment, Hours, & Earnings: Construction Employment (seasonally adjusted), 2015-2025*. U.S. Department of Labor. Retrieved August, 2025, from <https://www.bls.gov/sae/data/>

Midwest, with the lowest share of its workforce comprised of the unauthorized, at 2.6%, has seen an *increase* in permits of 8%.³

- The pattern in permits can also be seen within 2025 in the seasonally adjusted data (which adjusts the numbers to compensate for normal seasonal variation). Since March, permits are down 8% in the Northeast, 7% in the South and West, while up 4% in the Midwest.⁴



The reports by those in the construction industry, the state-by-state differences in the changes in construction employment and the regional differences in residential housing permits are warning signs of the harms caused by new restrictions at the border and deportation efforts. These changes, should they continue and grow as has been forecast in the event of growing levels of deportations, will result in a worsening of the housing shortage and rising housing costs as well as rising costs for any sector that relies on construction and construction workers.

Agriculture

Agricultural production is heavily dependent on unauthorized labor, probably more so than any other industry in America. Unauthorized immigrant crop farmworkers, those who produce our fruits and vegetables, account for 42% of hired crop farmworkers and at least 25% of all agricultural and related workers in the United States.⁵

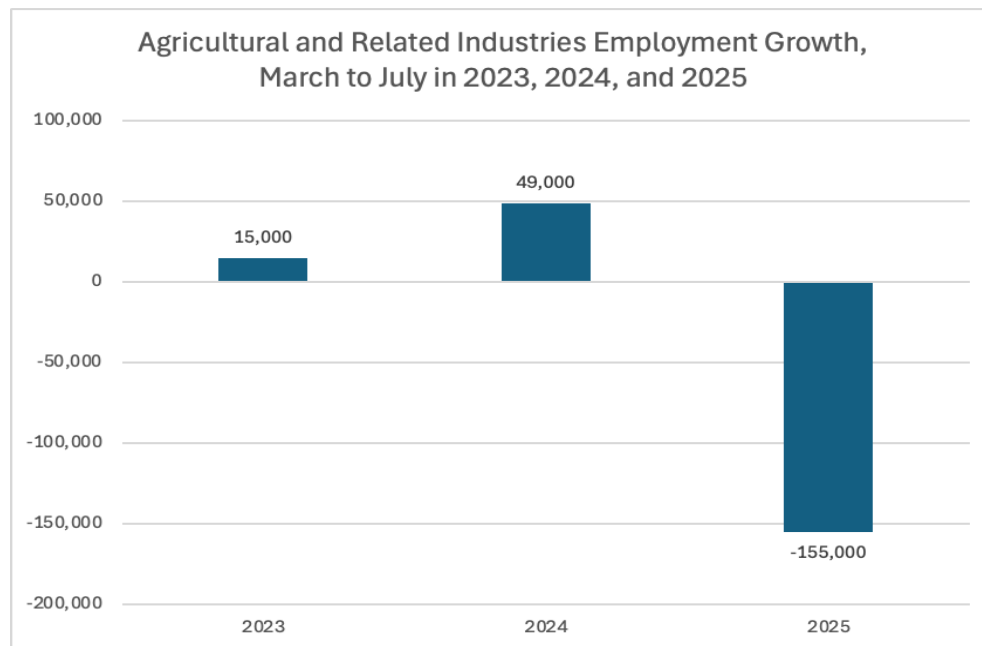
³ U.S. Census Bureau. (2025, July 18). *New Residential Construction: Historical Time Series*. U.S. Department of Commerce. Retrieved from <https://www.census.gov/construction/nrc/data/series.html>

⁴ U.S. Census Bureau. (2025, July 18). *New Residential Construction, Historical Time Series*. U.S. Department of Commerce. Retrieved from <https://www.census.gov/construction/nrc/current/index.html>

⁵ Fung, W., Prado, K., Gold, A., Padovani, A., & Carroll, D. (2023). *Findings from the National Agricultural Workers Survey (NAWS) 2021–2022: A Demographic and Employment Profile of United States Crop Workers (Research Report No. 17)*. JBS International, Inc., for the U.S. Department of Labor, Employment and Training

The causes of monthly fluctuations in agricultural employment must be interpreted with caution because they are often weather related. There have, however, been many reports from the agricultural industry of substantial labor shortages because of the new immigration restrictions and deportations begun earlier this year. These reports have been matched by data that have shown significant drops in agricultural employment relative to prior years. In addition, there are early signs that the labor shortages are starting to [reduce production and boost food prices](#).

- Reports from major growing areas of the country illustrate the impact. In California immigration raids are depleting the agricultural workforce and leaving crops unharvested, leading to estimates that [the state will lose billions of dollars in production](#). From New Mexico to Washington to [New York](#) to [Texas](#) and other states across the country ICE raids have [scared off farm workers and damaged farming enterprises](#).
- From March to July in 2023 and 2024, there were increases in the number of workers in the agricultural and related industries, but during the same period in 2025 the country has experienced a large decline in employment⁶:
 - o From March to July 2023, agricultural and related industries employment increased by 15,000, or 0.7%
 - o From March to July 2024, agricultural and related industries employment increased by 49,000 or 2.2%
 - o By contrast, from March to July 2025, agricultural and related industries employment *decreased* by 155,000 or -6.5%



Administration. Retrieved August, 2025, from <https://www.dol.gov/sites/dolgov/files/ETA/naws/pdfs/NAWS%20Research%20Report%2017.pdf>

⁶ U.S. Bureau of Labor Statistics, Employment Level - Agriculture and Related Industries [LNS12034560], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/LNS12034560>, August 14, 2025.

- It is too early to draw firm conclusions as to whether the labor shortages are having an impact on prices, but the cost of fresh vegetables went up by 2.0% from April to July—which would be more than an 8.2% increase over a full year. Similarly, the price of meat (beef and pork) rose 1.9% over the same period, which would be more than 7.8% over a full year.⁷

The large drop in agricultural jobs from March to July 2025, a period that saw increases in prior years, the rise in prices from April to July, and the media reports from across the country, are warning signs that we may be experiencing the predicted economic harms from the changes in immigration policy.

Leisure and Hospitality

Undocumented immigrants make up 7% of the [workforce in the leisure and hospitality sector](#) nationally. The industry, comprised of several sectors, including accommodation and food services, arts, entertainment, and recreation, ranks among the top three industries for undocumented workers in every state that has a substantial unauthorized population. That employment, however, is highly concentrated in particular sectors within the industry. Restaurants and hotels alone employ [983,000](#) unauthorized immigrants. Of the nation’s domestic workers and household cleaners, [24% are unauthorized immigrants](#).

Loss of a significant portion of this workforce would be particularly damaging as there is already a longstanding shortfall of workers in the industry. As of April 2025, there were nearly 1 million unfilled jobs in leisure and hospitality.⁸ There is both frequent anecdotal reporting of the industry being hurt by deportations and emerging evidence in the data.

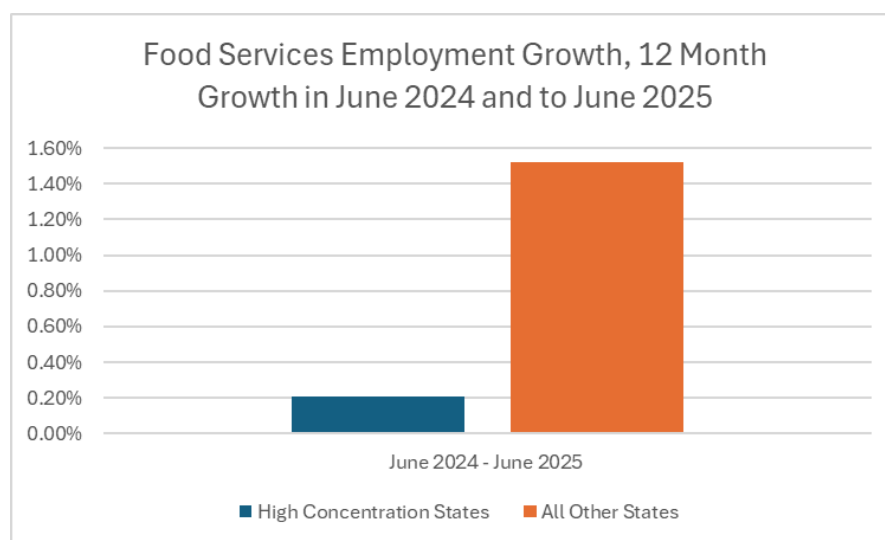
- There have been widespread media reports of restaurants and accommodation having great difficulty [maintaining staff](#) in a [number of occupations](#) due to the loss of immigrant workers, including cooks, servers and housekeepers. In addition, there has been substantial [lost revenue](#) as immigrant customers have feared leaving their homes to eat out. Some owners have been forced to [limit operating hours](#), or close their doors altogether.
- In [Kansas City](#), mom-and-pop stores that have a regular immigrant customer base have noticed a down turn of sales upwards of 60% hurting the local economy.
- States that rely most heavily on unauthorized workers are experiencing slower employment growth in the industry than other states. From June 2024 to June 2025, the ten states with the highest concentrations of unauthorized immigrants saw their

⁷ U.S. Bureau of Labor Statistics, Table 2. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by detailed expenditure category, July 2025.

⁸ U.S. Bureau of Labor Statistics. *Job Openings and Labor Turnover Survey (JOLTS): Job openings in Leisure and Hospitality, (seasonally adjusted), June 2025*. U.S. Department of Labor. Retrieved August, 2025, from <https://www.bls.gov/jlt/>

leisure and hospitality employment grow only 1.0%, compared to 1.3% in all other states. This is compared to nearly identical growth between the two groups in the prior 12-month period.⁹

- So far in 2025, employment in the industry grew by only 0.3% in the 10 states with the highest concentration of undocumented workers, but 0.7% in all other states.¹⁰
- In food services in particular, high-concentration states saw only 0.2% employment growth over the past 12 months, while all other states saw 1.5% employment growth.¹¹
- Although it may be too soon to see these labor market impacts reflected in consumer prices, the cost of food away from home went up by an annual rate of 4.1% from April to July, and full service meals, such as at restaurants, went up at an annual rate of 5.3%¹² – which may be the beginning of a trend which would be an expected outcome. [Industry measures](#) of average daily rates for accommodation are also projected to increase in 2025.



⁹ U.S. Bureau of Labor Statistics. *State and Metro Area Employment, Hours, & Earnings: Leisure and Hospitality Employment (seasonally adjusted), 2015-2025*. U.S. Department of Labor. Retrieved August, 2025, from <https://www.bls.gov/sae/data/>

¹⁰ U.S. Bureau of Labor Statistics. *State and Metro Area Employment, Hours, & Earnings: Leisure and Hospitality Employment (seasonally adjusted), 2015-2025*. U.S. Department of Labor. Retrieved August, 2025, from <https://www.bls.gov/sae/data/>

¹¹ U.S. Bureau of Labor Statistics. *State and Metro Area Employment, Hours, & Earnings: Leisure and Hospitality Employment (not seasonally adjusted), 2015-2025*. U.S. Department of Labor. Retrieved August 1, 2025, from <https://www.bls.gov/sae/data/>

¹² U.S. Bureau of Labor Statistics. *Consumer Price Index for All Urban Consumers (CPI-U): Food Away from Home in U.S. city average (seasonally adjusted)*. Retrieved August, 2025, from <https://www.bls.gov>

Overall, there is clearly widespread concern in the leisure and hospitality industry over the impact of deportations, there have been observed consequences and the available data are consistent with the anecdotal reporting.

The Labor Force

A broader warning sign that deportation and strict border policies are having a negative impact on the American economy is the loss of 1.2 million foreign-born people from the labor force between January and July of 2025 according to the CPS Household Survey (a joint survey of the Bureau of Labor Statistics and the Bureau of the Census).¹³ This includes both authorized and unauthorized immigrants, but the size of the labor force loss is striking. The reasons for this precipitous decline are not entirely certain at this time and may include issues related to the survey.¹⁴ Nevertheless, the coincidence with the policies that are contributing to a loss of workers due to actual deportations as well as concerns about apprehension by both unauthorized and authorized immigrants, and the losses in particular industries described above, suggests a connection. Indeed, the recent disappointing jobs and economic growth numbers that have garnered so much attention are, likely, in part due to the actions of the administration that have affected immigrant employment.¹⁵

Conclusion

In this report, we focused on warning signs that economic harm from deportations is happening in the form of losses in employment and other economic measures in the construction, agriculture and leisure and hospitality industries. For these three industries there already is strong anecdotal evidence and strongly suggestive data indicating that the deportations are causing economic damages. As additional data become available and catch up with accelerating deportations, evidence of economic harm to other industries may become evident. Industries that rely heavily on immigrant labor such as manufacturing, elder care, childcare and long-term health care industries are particularly likely to be affected. If deportation numbers continue to stay at high levels or further accelerate, we also expect that national data will increasingly reflect economic injury from the policy, such as slowdowns in economic growth, higher unemployment rates, declines in business formation and broadly rising prices. As has been seen in past mass

¹³ This amounts to 0.7 percent of the total U.S. labor force.

¹⁴ Given that the information is self-reported, some of the shrinkage may be driven by immigrants simply being reluctant to respond to government surveys in the current climate. The Household Survey also has a somewhat limited sample size which can be a concern when looking at the numbers in the labor force, particularly for subgroups. The decline in foreign-born workers has, however, been consistent over the last several months indicating that it is a genuine trend.

¹⁵ Only 486,000 jobs were created between January and July of 2025 which is about one-half the number created during the same period in 2024. Likewise, the economy grew at an annual rate of only 1.2% during the first six months of 2025, about half the 2.3% growth rate in the first half of 2024.

deportations, these trends will damage the wellbeing of all Americans as well as non-citizen residents.