

Convening business leaders and business organizations to defend democracy, the rule of law, and free markets

# The Insurrection Act and American Business

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A BRTAT Backgrounder on Executive Power,  
Economic Risk, and Election Stability

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*Updated May 2026*



## A Defining American Principle

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A defining principle of American democracy is the limited use of the U.S. military for domestic law enforcement. Since our founding as a nation, Congress has placed legal constraints on deploying troops at home to prevent abuse of executive power—especially on American soil.

That tradition has been tested recently. President Trump has deployed National Guard troops and Homeland Security and ICE agents to American cities and threatened to invoke the Insurrection Act of 1807—potentially during the 2026 elections. These actions have raised new questions about executive branch overreach and the balance between security and civil liberties, as well as the potential adverse impact on local economies and businesses.

## What Is the Insurrection Act?

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The Insurrection Act of 1807 is a key exception to the Posse Comitatus Act, which generally prohibits the use of federal troops for domestic law enforcement. It allows the president to deploy the military domestically to suppress insurrection, address widespread violence, or enforce federal law when authorities are unable or unwilling to do so.

*While [the Act] has been used sparingly throughout history, recent events have highlighted the delicate balance between national security and individual freedoms.*

Its use has been rare. In 230 years, the Act has been invoked in response to 30 crises by 17 presidents. The historical bar has been high: deployment has typically occurred only when public safety was at serious risk or when fundamental constitutional rights could not otherwise be protected—during the Civil War, Reconstruction-era violence, labor unrest, and the Civil Rights Movement. Importantly, invoking the Act does not suspend the Constitution or impose martial law. Civil liberties, including First Amendment rights, remain in effect.

As the United States celebrates the 250th anniversary of the signing of the Declaration of Independence, the Insurrection Act remains a powerful but controversial legal tool. While it has been used sparingly throughout history, recent events have highlighted the delicate balance between national security and individual freedoms. Businesses should consider closely monitoring any potential invocation of the Act, as it could have significant impacts on local economies and operations.

Ultimately, the Insurrection Act underscores the Founding Fathers' enduring concerns about the risks of unchecked military power on domestic soil—a principle that continues to shape American democracy to this day.

## The Economic Risks of Invoking the Insurrection Act

**For business leaders, the risk of invoking the Insurrection Act is not theoretical—it is operational, immediate, and material.**

Recent enforcement actions and domestic deployments show a consistent pattern of economic disruption across labor markets, consumer demand, and local business activity. When National Guard troops and Homeland Security and ICE agents were deployed to American cities in 2025 and 2026, hiring slowed, companies saw declining sales, supply chains were interrupted, customers stayed away and workers struggled to safely show up.

**\$203M**

Economic impact in Minneapolis over a single month

**~20%**

Texas businesses disrupted by immigration policy changes

**Up to 50%**

Year-over-year revenue drop in Chicago's Little Village

In a single month, the city of Minneapolis experienced a \$203 million hit to the local economy, including lost wages, hotel cancellations, small business revenue losses and negative impacts to communities across the city.

ICE actions also contributed to weak Texas job growth in 2025. According to the Dallas Fed's Texas Business Outlook Survey, immigration policy changes disrupted hiring and retaining workers at about 20% of Texas businesses.

In Chicago's Latino business corridor of Little Village, which collectively generates \$1 billion in annual sales, businesses reported year-over-year revenue drops up to 50%, according to Crain's Chicago Business.

Similar impacts were reported in Los Angeles and Portland, ME.

*These disruptions follow a predictable pattern: heightened enforcement or military presence reduces worker availability, suppresses consumer activity, interrupts logistics, and increases perceived risk—leading businesses to delay hiring, investment, and expansion. It takes weeks for a local economy to recover.*

**Invoking the Insurrection Act would significantly escalate these risks.**

The Insurrection Act allows the president to deploy active-duty U.S. military forces for domestic law enforcement, bypassing state authority and longstanding constraints such as the Posse Comitatus Act. For businesses, this signals a breakdown of normal operating conditions—raising the likelihood of disruptions to transportation, labor access, customer activity, employee retention and public safety.

## **Election Instability**

With midterm elections approaching, the economy could experience a 'double whammy' if the Insurrection Act were invoked. Elections are already periods of heightened sensitivity for markets, businesses, and communities.

Introducing federal troops into an already sensitive election environment would amplify uncertainty—driving pullbacks in consumer spending, delaying capital investment, and increasing volatility in equity and credit markets. It would also sap investor confidence, negatively affecting the stock market, retirement plans and 401(k)s.

Companies may also find themselves devoting substantial resources to addressing employee concerns about a military presence in their communities. In addition, businesses may face challenges in fulfilling their commitments to their employees to feel comfortable casting their ballot or serving as a poll worker. Companies committed to a free and fair 2026 election should be aware of the dangers that invocation of the Insurrection Act presents.

*Invoking the Insurrection Act would mean fewer workers showing up, fewer customers spending, more operational disruptions, and urgent decisions about safety, staffing, and keeping the doors open.*

The Insurrection Act represents a rarely used, high-impact intervention that departs from modern U.S. governance norms. For business leaders, the implication is clear: invoking the Insurrection Act would mean fewer workers showing up, fewer customers spending, more operational disruptions, and urgent decisions about safety, staffing, and keeping the doors open. Invocation of the Act would accelerate polarization in the workplace, and further diminish the public's respect for institutions and the rule of law.

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#### About BRTAT

Business Response to Authoritarian Threats (BRTAT) convenes business leaders and business organizations to defend democracy, the rule of law, and free markets. BRTAT operates four working groups focused on Election Integrity, Corruption & Crony Capitalism, Militarization of Communities, and Tariffs & Economic Policy.

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