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Commentary: Trump may be wooing a 'Bidencession'

Rick Newman **March 12, 2025**

Joe Biden finished his one presidential term without a recession.

Or did he?

Now that Donald Trump's second presidential term has gotten off to a rocky start, there's mounting suspicion that if a recession develops soon, Trump won't hesitate to blame it on Biden. There's a more radical corollary: Trump might not even mind tipping the economy into recession early in his term while it's easier to argue that it's Biden's fault.

"We have talked recently with Washington insiders who think Trump wouldn't mind a recession this year," Greg Valliere, chief US policy strategist for AGF Investments, said in his March 10 newsletter. "The Democrats — desperate for an issue — may have one."

It's hard to imagine any normal president trying to deliberately weaken the economy. Recessions are highly unpredictable and even when they're officially over, high unemployment and depressed living standards can linger for months or years, bringing down any politician they're associated with.

Yet investors are stunned by the damage Trump has done to the economy in just two months. When Trump took office on Jan. 20, GDP growth was a solid 2.5%, the unemployment rate was a low 4.1%, and stocks were on a nice post-election run-up. Investors expected a "Trump bump" to keep the good times rolling, maybe even enliven the party.

Instead, Trump has rolled out tariffs more aggressively than almost anybody expected while showing no concern about unnerving sell-offs in the stock market. Forecasters are now lowering their growth estimates for 2025, raising their inflation estimates, and wondering what in the world Trump is trying to do.

“The red flags of recession are furiously waving,” **Bernard Baumohl,** chief global economist for the Economic Outlook Group, wrote in a March 11 analysis. “The current slash and burn policy by the Trump Administration makes little economic sense.”

Unless, that is, part of Trump’s plan is to deliberately stress the economy during his first year in office. Many investors originally thought Trump would threaten severe tariffs but impose far less stringent measures. That storyline has now lapsed. Trump has aggressively ratcheted up his tariffs, and instead of easing up to give stocks a breather — the typical pattern during his first trade war in 2018 — he has basically looked the other way. “You can’t really watch the stock market,” Trump said on March 10.

Odder still are some of the messages Trump and his economic advisers are sending. During his speech to Congress on March 4, Trump said his tariffs would cause “a little disturbance, but we’re OK with that.” That sounded like a different person than the first-term President Trump, who bragged repeatedly about the economy, whether warranted or not.

Then during a March 9 Fox News interview, Trump question when asked if he was expecting a recession this year. “There is a period of transition,” he said, elliptically. “What we’re doing is very big. It takes time.” Markets bombed the following day, interpreting Trump’s disregard of recession risks as an ominous sign.

Treasury Secretary Scott Bessent also said recently that the US economy needs a “detox period,” a concept most economists find perplexing, given that Trump inherited a relatively healthy economy. Bessent says the economy needs more private spending and less reliance on government stimulus, which is generally true. But Congress could fix that gradually through less deficit spending and more prudent budgeting. “Detox” implies uncomfortable withdrawal symptoms that aren’t even necessary, given that there’s no crisis at the moment.

Bessent’s marmish admonition is prompting comparisons with Andrew Mellon, Herbert Hoover’s Treasury Secretary at the beginning of the Great Depression, who advocated severe austerity, no matter how painful, to “purge the rottenness out of the system.” The Wall Street Journal ran a March 12 analysis suggesting that Trump is taking a similar “liquidationist” approach to the economy by soliciting market failures instead of intervening to stop them.

Team Tariff may be signaling that, unlike Trump's first trade war in 2018 and 2019, they're not going to let up on tariffs just because markets squeal. The economic "transition" Trump now envisions seems to be far more sweeping than the limited tariffs that marginally raised prices during his first term. If that's what he plans, then a painful period of supply chain disruptions, higher prices, lower profits, and possibly layoffs may be necessary to achieve whatever the long-term gain might be.

Economists don't see a lot of long-term gain, but they're already measuring the short-term pain. Some economists have raised their odds of a recession since Trump took office to the range of 30% to 40%. Many others, including Goldman Sachs and Morgan Stanley, have cut their growth forecasts but stopped short of predicting a recession.

Trump and his allies have already started blaming Biden for economic setbacks occurring on Trump's watch. While trying to explain a brutal 20-day stock market sell-off on March 11, White House press secretary Karoline Leavitt said, "We are in a period of transition from the mess that was created under Joe Biden. In the previous administration. Joe Biden left this country in an economic disaster."

A "Bidencession" narrative is also taking root in Trump-friendly media. "We'll see if Joe Biden's recession shows up," a Fox News host said on March 7.

To reiterate, there were virtually no signs of a looming recession when Biden left office on Jan. 20. In fact, a "soft landing" seemed to be underway in which the Fed wrangled inflation to tolerable levels without choking off spending so much that it caused a recession. The grace period for a new president being able to credibly blame fresh problems on his predecessor is obviously limited, and the sitting president eventually gets all the blame or credit for what happens in the economy. So if Trump truly wants to cause a recession, maybe he should hurry?

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