

Diagnosis and Prognosis of the Nigerian Recession

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Abstract: *Nigeria has been in recession as statistics show that the GDP has been contracting since the first quarter of 2016. This paper examines the causes of the current recession and finds that dwindling oil revenue is chiefly responsible for the current recession, it further argues that unclear and some counterproductive economic policies by the Buhari administration created panic and exacerbated the situation. The paper utilized secondary data and was anchored on functionalist theory. The paper makes recommendations on how to get out of the recession. For the short-term, it recommends increased government expenditure on infrastructure and the restoration of investor confidence through clear economic policies. In the long term, the paper recommends diversification of the economy, strengthening of institutions, increased transparency and citizen participation in the governance process, and the provision of lasting infrastructure.*

Keywords: *Recession, economic growth, GDP, Nigeria, Inflation, Unemployment*

Date of Submission: 29-06-2017

Date of acceptance: 11-08-2017

I. Diagnosis

1.1 State of the Economy

Recession is a period of general economic decline, defined usually as a contraction in the GDP for six months (two consecutive quarters) or longer, marked by high unemployment, stagnant wages, and fall in retail sales (Business Dictionary, n.d.). Nigeria is in recession, has been in recession since the beginning of 2016. According to the National Bureau of Statistics (NBS), Nigeria's Gross Domestic Product (GDP) grew by -0.36%, a decline, in the first quarter of 2016 (NBS, 2016). For the second quarter of 2016, the economy declined further with a -2.06% percent growth in GDP (NBS, 2016). The GDP grew by -2.24% (NBS, 2016) and -1.30% (NBS, 2017) for the third and fourth quarters of 2016 respectively, a continuous decline. As at the first quarter of 2017, Nigeria was still in recession as GDP growth was negative at -0.52% (NBS, 2017).

The economic situation of the country is worsened by other challenges such as a weakened Naira, inflation, and rising unemployment. As the GDP continued to contract, more and more Nigerians were out of employment which means that purchasing power is grossly reduced, further reduced by a weak currency and stagnant wages. During the first quarter of 2016, underemployment rose to 19.1% from 18.7% while unemployment rose to 12.1% from 10.4% (NBS, 2016). Unemployment and underemployment continued to rise for the second quarter of 2016. While unemployment rose to 19.3%, underemployment rose to 13.3% (NBS, 2016). For the third quarter of 2016, unemployment rose to 13.9% while underemployment rose to 19.7% (NBS, 2016). For the fourth quarter of 2016, this rise in unemployment and underemployment continued as unemployment and underemployment stood at 14.2% and 21.0% respectively (NBS, 2017). During this period, Nigeria had double digit inflation rate, sometimes rising to over 18% (NBS, 2016). While private sector employees are being retrenched, some government employees (especially those working for state and local governments) are owed salaries while others are paid a fraction of their salaries.

1.2 Immediate Causes and Effects

Though there are contributions from other non-oil sectors, the Nigerian economy is disproportionately dependent on oil, Nigeria's chief export commodity. Oil accounted for 91.74% of Nigeria's GDP during the second quarter of 2016 (National Bureau of Statistics, 2016). Global oversupply of crude oil, increased energy efficiency, and alternative sources of energy supply led to a drop in the price of oil. This drastically reduced Nigeria's foreign exchange earnings. Since the election of Muhammadu Buhari as Nigeria's President, there has been a resumption of hostilities by certain militants under the aegis of Niger Delta Avengers, these militants blow up pipelines and reduce the daily supply of Nigeria's oil to the global market.

Since mid – 2014, the price of oil began a downward slide. This slide continued to a low of about \$28 per barrel around December 2015 - January 2016 (Vanguard, 2016) from trading at over \$100 per barrel in 2014 (EIA, 2016). While the oil price rose from \$28 per barrel, it has continued to trade at under \$50 per barrel. This drop in oil price is caused by oversupply which resulted in the oil market as a result of some factors. There has been a decline in world energy needs. China, the world's biggest manufacturer announced a transition from an industry-based to a service-based economy (Magnier, 2016), this transition would mean less oil demand from China. The United States attained some level of self-sufficiency in crude oil leading to very little demand from the United States, this is as a result of breakthroughs in shale oil production and advanced technologies in mining oil on American soil. As a result, the United States, the biggest buyer of Nigeria's crude oil, stopped the purchase of crude oil from Nigeria and lifted a 40-year embargo that prevented companies from exporting American oil (Puko, 2015). Iran, which had been under sanctions for many years as a result of US fears that the Islamic Republic may be able to acquire Nuclear weapons, had been in talks with the United States and was able to sign a 'historic' agreement that would see the United States lift some of the sanctions. This brought about an addition of close to 4 million barrels of oil per day to the global supply from Iran (OPEC, 2016). These have led to an over-supply of crude oil and the resultant low price of oil. It also resulted in low foreign exchange earnings for Nigeria (like Venezuela and other countries dependent on the commodity) and a weakening of the Naira, making government accrue huge deficits and encounter difficulties in meeting budgetary demands.

Since 2015, a new militant group, the Niger Delta Avengers (NDA), began the vandalization of pipelines and the destruction of other oil installations. The NDA attacks almost halved Nigeria's crude oil production and reduced the transportation of oil to power stations leading to a drop in the supply of electricity to Nigerian industries and households. For instance, the destruction of the Forcados Shell Terminal on March 25, 2016 meant that Nigeria cannot export 380,000 barrels of oil per day, this resulted to a loss of about \$2 billion for the nation as at the end of September, 2016 (BudgIT, 2016).

Some policy issues contributed to Nigeria's worsening economic outlook. The abrupt implementation of the Treasury Single Account (TSA) when there was little money flow took money away from Deposit Money Banks and made it very difficult for businesses and individuals to obtain loans and transact their businesses. The non-liberal policy on foreign-exchange previously adopted by the Buhari administration was counter-productive. While the government pegged the exchange rate at 199 naira per US dollar, the value rose to over 400 naira per US dollar in the black market. Certain items were excluded from accessing foreign exchange at the government's official rate as government sought to issue dollars to only individuals willing to import machinery and other essential goods to come and produce in Nigeria. However, this policy opened the doors of corruption and abuse as only sources close to the corridor of power could access dollars (Sanusi, 2016). Rather than spur the growth of local industry, this policy impeded it as people found it more lucrative to sell dollars they acquired at the government official rate (199 naira to 1 US dollar) in the black market (400+ naira per 1 US dollar) rather than taking all the risks associated with doing business in earning less than they could if they effortlessly sold at the black market (Sanusi, 2016).

The uncertainties associated with the government's policies have created panic and led to the loss of foreign direct investment (FDI) while dousing any optimism for local investment. As a result, America's JP Morgan Chase & Co. delisted Nigeria from her Government Bond Index for Emerging Markets (GBI-EM) (Ogunwale & Shosanya, 2015). The strict foreign exchange policy, which lacks transparency, has also led to the loss of jobs through the relocation of industries abroad. Erisco Foods, Africa's largest tomato paste manufacturing company, recently announced that it would relocate to China due to frustrations in their bid to obtain foreign exchange, this would lead to the loss of at least 1,500 direct jobs (Babatunde, 2016). The Manufacturing Association of Nigeria (MAN) said that since the restriction order [on foreign exchange] was placed in 2015, about 272 firms had been forced out of business, 50 of which were manufacturing companies (Onuba & Okon, 2016). While some of the affected manufacturers have relocated to neighbouring countries, according to Manufacturers Association of Nigeria, at least 222 small-scale businesses have closed shops, leading to 180,000 job losses (Onuba & Okon, 2016).

There have been massive retrenchments in the private sector while state governments find it difficult to pay salaries. State governments heavily rely on Federal Allocations from the Federal government to take care of their expenditure, they also benefit from the sharing of funds in the Excess Crude Account (ECA).

Since Federal Government earnings are hugely dependent on oil sales, this means smaller allocations to the state governments since both the price and production of oil has dropped. To make sure that states met up with the payment of salaries to workers, the Federal Government issued bailout funds to various states. However, this bailout achieved little as states exhausted them in no time and were unable to service the bailout from their monthly federal allocations because these allocations were paltry. Consequently, most states witness a monthly deficit on recurrent expenditures alone. As at the middle of 2016, only three (Lagos, Rivers, and Enugu) of the thirty-six states are financially viable, that is, able to fund their recurrent expenditure from their

monthly earnings (BudgIT, 2016). Though the release of the Paris Refund to state governments aided salary payments, a lot of states still find it difficult to meet their recurrent expenditure.

Table 1: Ability of States to meet Monthly Recurrent Expenditure (Jan – July 2016)

Ranks	States	Total Monthly Average Revenue*	Total Monthly Recurrent Expenditure*	Ability to meet recurrent Expenditure Commitments
1	LAGOS	30,871,397,843.89	23,242,416,666.67	7,628,981,177.22
2	RIVERS	13,348,730,938.21	10,000,000,000.00	3,348,730,938.21
3	ENUGU	3,980,806,769.59	3,641,666,666.67	339,140,102.92
4	KEBBI	2,817,945,642.26	2,833,333,333.33	(15,387,691.07)
5	EDO	4,363,983,413.11	4,383,333,333.33	(19,349,920.22)
6	EBONYI	3,084,742,027.49	3,230,000,000.00	(145,257,972.51)
7	KATSINA	3,495,825,215.97	3,650,000,000.00	(154,174,784.03)
8	NIGER	3,296,931,967.80	3,452,750,000.00	(155,818,032.20)
9	ANAMBRA	3,718,450,197.49	4,050,000,000.00	(331,549,802.51)
10	GOMBE	2,973,106,254.94	3,550,000,000.00	(576,893,745.06)
11	ZAMFARA	2,640,376,117.05	3,333,333,333.33	(692,957,216.28)
12	TARABA	2,635,734,592.84	3,560,833,333.33	(925,098,740.49)
13	BORNO	3,195,599,894.79	4,250,000,000.00	(1,054,400,105.21)
14	SOKOTO	3,153,579,353.55	4,208,333,333.33	(1,054,753,979.78)
15	EKITI	2,453,439,477.42	3,583,333,333.33	(1,129,893,855.91)
16	KADUNA	4,151,122,443.54	5,337,500,000.00	(1,186,377,556.46)
17	YOBE	2,530,470,083.93	3,852,500,000.00	(1,322,029,916.07)
18	NASSARAW	2,545,320,672.91	4,153,333,333.33	(1,608,012,660.42)
19	ONDO	4,016,414,176.64	5,666,666,666.67	(1,650,252,490.03)
20	IMO	3,170,556,295.47	4,847,500,000.00	(1,676,943,704.53)
21	KOGI	3,172,145,830.11	4,852,333,333.33	(1,680,187,503.22)
22	CROSSRIVER	3,538,940,911.29	5,406,666,666.67	(1,867,725,755.38)
23	KANO	5,108,680,866.62	6,998,333,333.33	(1,889,652,466.71)
24	JIGAWA	3,129,151,089.22	5,183,333,333.33	(2,054,182,244.11)
25	BAUCHI	3,308,857,498.90	5,407,916,666.67	(2,099,059,167.77)
26	BENUE	3,344,932,387.84	5,541,666,666.67	(2,196,734,278.83)
27	ABIA	3,562,246,395.47	5,766,666,667.00	(2,204,420,271.53)
28	ADAMAWA	2,787,375,932.81	5,006,666,666.67	(2,219,290,733.86)
29	KWARA	2,771,338,657.11	5,062,500,000.00	(2,291,161,342.89)
30	DELTA	10,319,043,565.39	12,766,666,666.67	(2,447,623,101.28)
31	PLATEAU	3,049,021,644.94	6,130,833,333.33	(3,081,811,688.39)
32	OGUN	5,227,392,617.60	8,409,083,333.33	(3,181,690,715.73)
33	OSUN	2,953,572,815.05	6,598,583,333.33	(3,645,010,518.28)

STATES WITH SHORTFALLS (MONTHLY)

34	OYO	4,251,421,329.93	8,387,500,000.00	(4,136,078,670.07)	
35	BAYELSA	6,085,172,771.66	11,050,833,333.33	(4,965,660,561.67)	
36	AKWAIBOM	9,811,391,729.80	15,083,333,333.33	(5,271,941,603.53)	

*Based on Average FAAC Allocation and IGRC Calculations on previous year

**Based on Average 2016 Recurrent Expenditure projections

Source: *BudgIT, 2016*

1.3 Theoretical Framework

Structural functionalism, the Talcott Parsons model is the framework for this study. Structural functionalism is an approach in Sociology which was developed at the wake of the 19th Century's industrial revolution. This theory was sociologically developed as an adequate tool for dealing with the interrelatedness of various traits, institutions, groups, and so forth, within the social system. Coser (1976) as recorded in Ajah and Nweke (2017) attempts a definition of structural functionalism. He saw structure as referring to a set of relatively stable and patterned relationships of social units, while he perceived as referring function to the consequences of social activities which make for adaptation or adjustment of a given structure or its component parts.

1.4 How Nigeria can get out (and stay out) of Recession

Both short-term and long term measures should be taken to lead Nigeria out of the current recession and create a truly viable economy that is not oil dependent.

In the short-run, government has a very big role to play in speeding up Nigeria's salvation out of the current recession. The government should restore investor confidence by adopting clear and sensible economic policies. One of the blunders of the Buhari administration was to wait for over six months after election before naming a cabinet, this created a lot of panic and uncertainties that prompted the exit of foreign investments. The government of the day does not even have a clear economic policy in place. The Economic Management Team, headed by the Vice President Professor Yemi Osinbajo, has also been criticized for lacking economists and technocrats who would bring about sound policies that would boost the fortunes of the nation. Currently, the Economic Management Team comprises of the Vice President, Central Bank Governor, Finance Minister, and other Ministers and Directors in the current administration (Wakili, 2016). In an attempt to plug leakages and fight corruption, the current administration has found itself micromanaging every aspect of Nigeria's existence without giving room for expert advice, this has yielded antithetical results and created more problems than were solved. The government should engage the services of career economists and Technocrats to draft a pragmatic economic policy for Nigeria in line with the current administration's goals of tackling some of the arduous challenges that Nigeria faces. With the right set of economic team in place, non-itinerant economic policy decisions would be taken and lead to a restoration of investor confidence.

Nigeria's fiscal and monetary policies should also be adjusted to reflect the mood of the economy. Generally, Keynesian fiscal policies should be adopted to stimulate the economy and lead it out of recession.

In economics, fiscal policy is the use of government spending and revenue collection to influence the economy (Chigbu & Michael, 2013). It refers to the overall effect of the budget outcome on economic activity. Fiscal policy can be contrasted with the monetary policy, which attempts to stabilize the economy by controlling interest rates and the supply of money (Chigbu & Michael, 2013). The two main instruments of fiscal policy are government spending and taxation. Sanusi (2001), quoted in Chigbu & Michael (2013) noted that changes in the level and composition of taxation and government spending can impact on the following variables in the economy.

- I. Aggregate demand and the level of economic activity.
- II. The pattern of resource allocation
- III. The distribution of income

The Federal Reserve Board (2006), quoted in Chigbu & Michael (2013) explained that the three possible stances of fiscal policy are neutral, expansionary and contractionary.

- I. Neutral: - A neutral stance of fiscal policy implies a balanced budget where government spending is equal to tax revenue ($G=T$). Government spending is fully funded by tax revenue and the overall budget outcome has a neutral effect on the level of economic activity.
- II. An expansionary stance of fiscal policy involves a net income in government spending ($G>T$) through rises in government spending or a fall in taxation revenue or a combination of the two. This will lead to a larger budget deficit or a smaller budget surplus than the government previously had, or a deficit if the government previously had a balanced budget. Expansionary fiscal policy is usually associated with a budget deficit.

- III. A contractionary fiscal policy ($G < T$) occurs when net government spending is reduced either through higher taxation revenue or reduced government spending or a combination of the two. This would lead to a lower budget deficit or a larger surplus than the government previously had a balanced budget. Contractionary fiscal policy is usually associated with a surplus.

Given the current recession, an expansionary fiscal policy should be adopted, this would put more money into the hands of Nigerians and increase the income after tax from which Nigerians can now spend. There are obvious difficulties associated with this recommendation. Where would the money to be spent by government come from? What should government spend on? Would the money not end up in a black hole as a result of corruption and inefficiencies?

Since government revenue is declining due to a drop in the price of oil and the activities of pipeline vandals after a resurgence of militancy, the only option available to government is to borrow. The government is aware of this and has sought to borrow close to \$30 billion, President Muhammadu Buhari explained this when he said that “considering the huge infrastructure deficit currently being experienced in the country and the enormous financial resources required to fill the gap in the face of dwindling resources and the inability of our annual budgetary provisions to bridge the deficit, it has become necessary to resort to prudent external borrowing to bridge the financial gap, which will largely be applied to key infrastructure projects namely Power, Railway and Road projects among others” (Umoru, 2016).

Borrowing is always condemned by commentators and public opinion is always against borrowing as the government would have to juggle with the challenges of debt servicing. However, borrowing is beneficial if it is applied to the right sectors. Borrowing to fund recurrent expenditures is not advisable, however, borrowing to fund capital projects is wise. As outlined by President Muhammadu Buhari, the around \$30 billion would be applied to “key infrastructure projects”, whether this eventually becomes the case is unknown.

Meanwhile, oil is still very important to the Nigerian economy and cannot be left alone, at least not yet. The biggest challenge facing the industry today is the activity of militants who are sabotaging Nigeria’s economic nerve center. The government dialogued with the Niger Delta Avengers to see if an agreement for the cessation of hostilities can be reached, since then, there has been a brief break from pipe line vandalism. Militancy has been recurrent since the discovery of oil as certain youths resorted to arms due to a feeling of exclusion despite being the geography producing Nigeria’s main foreign exchange earner. The environmental impact of oil exploration has also distanced the region, the Niger-Delta region, from the central government. Historically, governments had sought quick fixes to the Niger-Delta oil crisis. Though the government should seek measures to end the activities of the militants as quickly as possible, the government should not just seek to paper over the cracks. The Niger-Delta people should feel an inclusion in the economy of Nigeria while global best practices should be adopted in order to minimize the environmental impacts arising due to oil exploration.

Ultimately, Nigeria must diversify her economy and move away from the dependency on oil if the country must move away from the boom-bust cycle dictated by the price of oil in the international market. This effort must be led by the government through, at least, the creation of durable infrastructure, security, and implementation of policies that would attract investments.

While Nigeria has a very huge market and a large labour force, the Nigerian environment is not favorable for investment. Challenges such as poor power supply, non-existent infrastructure, insecurity, and unfavorable policies have driven away foreign investment. Many companies that were operating in Nigeria have relocated elsewhere while new ventures have no incentive to invest in Nigeria. Notable companies that have relocated elsewhere include Dunlop, Michellin, and Prilleri (Agwuegbo, 2009). The government should make it very easy to do business in Nigeria. According to the World Bank, out of 190 countries ranked, Nigeria is placed at 169 on the ease of doing business ranking (World Bank, n.d.). To make it easy to do business in Nigeria, government must first of all provide durable infrastructure.

Power supply has been a problem for Nigeria since independence, most firms and households produce their own power due to the itinerant power supply provided by the government. The power supply system is divided into generation and distribution. Nigeria relies on thermal and hydro-electric sources to generate electricity. The National Electric Power Authority (NEPA) was in charge of power before a privatization under President Olusegun Obasanjo saw NEPA become PHCN (Power Holding Company of Nigeria). In 2013, PHCN was unbundled into 13 distribution companies, 6 generation companies, and one transmission company, the Transmission Company of Nigeria. All these reforms were in a view to improve power supply, however, power supply still remains poor. Nigeria, with a population of over 180 million people, cannot sustain power at 5,000 MW, this is very bad. The recent spate of attacks on oil installations has adversely affected power supply in Nigeria as fuel could no longer be delivered to power generation stations. As Africa’s most populous nation, and ‘largest economy’ seeking investments, the power issue should be taken seriously. Compared to other nations, Nigeria is doing terribly in terms of power supply, having one of the lowest per capita electricity consumption of electricity in Africa. While South Africa has an electricity consumption of 4,326kWh per capita, Nigeria

consumes only 142kWh per capita (World Bank, 2014). A nation willing to attract investment must seek ways to provide cheap and constant power supply. The production of power has been a major campaign promise of almost all public office seekers in Nigeria's recent history, however, power supply has not substantially improved. The current Administration has promised a generation of 10,000MW of electricity in 3 years (Owete, 2016), whether this would be achieved remains to be seen. Power supply is a prerequisite for Nigeria's development, and Nigeria must begin to seriously leverage on her comparative advantages (crude oil, abundant sunshine, and coal) to provide electricity. While there has been a new push for green energy, national interests should not be sacrificed for 'global' conformity. Ultimately, Nigeria should draw up plans for cleaner energy, but since the expertise of exploiting traditional power sources are better mastered, and cheaper, Nigeria should exploit them in lighting up the nation.

Nigeria's transport system is fraught with a lot of challenges which have made the accessibility of markets very difficult. Nigeria's main medium of transportation is through roads, most Nigerian roads, however, are in very bad shape and have become the scene of regular accidents. Most roads in Nigeria are very old and inadequate for the growing traffic occasioned by an increase in population. The result has been an increased transport time between otherwise short distances, higher transport fares, congestions, and accidents. The bridges are equally worn out and in need of replacement, however, little has been done. The Second Niger Bridge, for instance, has been a political issue for over a decade now, and has not been constructed. Nigeria's Railway system is equally very old (almost non-existent). Transportation is very necessary for economic activities, and the availability of good transport networks would make business more favorable. As a result, Nigeria must improve her road networks by carrying out regular repairs, expanding some routes to account for increasing traffic, and build new roads in areas where population growth has made accessibility necessary. The Railway system must also be modernized, and more routes created for the easy conveyance of both products and people across the country. The resultant effect of these would be cheaper transportation and greater economic opportunities for Nigerians.

Infrastructural spending (on power and transportation for instance) would yield positive outcomes, and if the government applies its borrowings to these sectors, returns would accrue in a short while and the Nation's dependence on oil would be gradually eroded.

Despite the need to diversify, the oil sector is still an important aspect of Nigeria's economy, and must be sustained. There is a lot of revenue loss associated with the oil industry, this is as a result of pipeline vandalism, oil bunkering, and inefficient processes of exploration that lead to a lot of wastage. Firstly, the environmental impact of oil exploration on the Niger Delta region must be sincerely addressed, the Niger Delta people must not be continually 'punished' for sustaining the country. This neglect of the environment of the Niger Delta region is responsible for the birth of militancy (which remains till date), if the oil industry must operate in a violent free environment, the concerns of the Niger Delta people must be approached with a view to providing a lasting solution. The sale of crude oil alone should not be the only economic activity arising from the oil industry, this (crude oil sales) is sadly Nigeria's only economic engagement in respect of the oil sector. Such activities as refining, and petrochemicals are left out. For efficiency and transparency, there is a need for some level of deregulation in the oil sector. An efficient, and deregulated oil sector would bring about the presence of refineries, petrochemical companies, gas companies, and other allied companies dependent on the presence of crude oil in Nigeria. These will in turn create more jobs and yield more returns to Nigerians and the government.

Prior to the discovery of oil, agriculture was the mainstay of Nigeria's economy. The discovery of oil has led to the abandonment of the agricultural sector. Nigeria imports some of her food, especially rice. With the abundance of both arable land, and manpower, the fact that Nigeria has a high import bill for food items is worrisome as it can be recalled that Nigeria used to export agricultural produce. Nigeria has an annual food import bill of N1.5 trillion (Otaru, 2016), and most of these foods (like rice) can be cultivated locally. The agricultural sector needs to be re-energized, first, to make Nigeria self-sufficient in food production, and then to add to GDP contribution through exports of excesses and the establishment of local agro-allied businesses. While private sector investment should be used in developing the agricultural sector, government must provide the incentives that would induce investors, such as cheap lands, low tax, and power supply.

Nigeria needs an 'industrial revolution' of some sort in order to help diversify the economy. The current economic reality is that Nigeria exports crude oil and imports almost every other product (including fuel and kerosene, which are derivatives of crude oil). Nigeria's consumption is creating employment opportunities elsewhere. While it is true that the cost of production in Nigeria is higher than elsewhere, the reason is due to the lack of infrastructure, and the difficulty of doing business in Nigeria. With constant power supply, good transport networks, and government incentives to attract investments, manufacturing would take root and compete favorably with goods manufactured elsewhere. Many factories and plants are currently lying fallow, like the refineries and the Ajaokuta Steel Plant, these should be revamped and put into use.

All these would not be possible without political will, the government must be willing to carry out these policies and see them fulfilled. Corruption has been a recurrent decimal in Nigeria's socio-politics, and has been blamed as the bane on Nigeria's development. While successive administrations have ridden to power promising to end corruption, corruption has only worsened in recent times. It is important to note that successful economic policies may be difficult to implement by corrupt administrations as there would be conflicts of interest and siphoning of public funds for private use. It is therefore important to fight corruption and enthrone transparency, the most effective way of doing this is to strengthen institutions and allow independent bodies to be truly independent.

Nigeria must also adopt a very clear foreign policy regarding her economic engagements with other nations. This foreign policy must see to it that Nigerian jobs are not exported elsewhere by multinationals, and that expatriates abide by laid down rules and regulations while operating in the country. For products which are consumed in huge quantities by the Nigerian people, deals should be signed by the government with companies involved to site a branch of such businesses in Nigeria, this has worked well in Ethiopia and elsewhere (Sanusi, 2016).

The Nigerian people also have a huge role to play in leading the country out of recession and ensuring that Nigeria becomes very viable, economically and otherwise. Nigerians should imbibe a sense of patriotism. Every Nigerian should treat Nigeria as a personal property, with this attachment of value, Nigerians would be interested in seeing the country succeed and not merely caught up in their personal pursuits, this would be the first step towards bringing about a very great Nation. Until recently (with the 2015 elections), the Nigerian people were relatively aloof when it comes to the engagement of public office holders. A people that do not engage their leadership would not receive the best of leadership, constantly engaging public office holders and constructively questioning policies and actions would improve the nation. Budget expenditures must be scrutinized by the people to ascertain the progress and sincerity of the administration in power, this would help the citizens make their decisions at the polls and ultimately lead to the ascension of credible leaders with concrete plans on how to solve the problems of the country.

II. Prognosis

If the government continues with its current posture, the economy would remain in recession until another oil boom. However, the adoption of measures enumerated in this paper would lead Nigeria out of recession.

The immediate spending of borrowed money on Infrastructure like rail, power, and roads would create some economic activity and put money in the hands of Nigerians, this would bring about increased immediate expenditure by Nigerians engaged in the process. The power, rail, and road projects would also boost economic activities and make it easy to do business. Companies would be willing to site their plants in Nigeria due to the presence of power and Nigeria's characteristic huge labour population. Adopting a clear and transparent foreign exchange policy would also make it easy for genuine businesses to access funds to run their economic activities. A good economic policy drawn up by experts that is favorable to investments would see the restoration of confidence in Nigeria and the inflow of investments. A settlement of the Niger Delta Avengers issue would increase Nigeria's oil output and generate more revenue for the government. These measures would see a decrease in inflation, a decrease in unemployment, and gradual exodus from recession. By the Third Quarter of 2018, if these are carried out, Nigeria should be out of recession.

However, getting out of the current recession is only a short-term goal. Measures should be in place to break Nigeria's dependence on oil and make her economically viable. These measures include: providing power and infrastructure, re-energizing the agricultural sector, providing incentives for investment, kick-starting manufacturing through an 'industrial revolution', clear economic foreign policies, fighting corruption and enthroning transparency through the strengthening of institutions, and increased citizen participation in the governance process. These would lead to a very strong, and growing Nigerian economy.

III. Conclusion

Nigeria, a victim of the 'Paradox of Plenty' is confined to the boom-bust cycles occasioned by the price of oil, the mainstay of the Economy. To get out of the current recession, and stay out of it, the government must carry out infrastructural spending while restoring investor confidence through the implementation of clear and sound economic policies. In the long run, Nigeria must break her dependence on crude oil and incorporate other sectors, this would create a diversified and stable economy.

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