



---

## Panorama of Economy Recession in Nigeria

---

Solomon Michael Ojo

Department of Quantity Surveying

Moshood Abiola Polytechnic, Abeokuta, Ogun State, Nigeria

Email: [goodsolx1@yahoo.com](mailto:goodsolx1@yahoo.com)

### ABSTRACT

*Economy recession in Nigeria is a quagmire that threatens the economical and sociological wellbeing of humans, institutions and companies that contribute to sustainability of our dear nation. This paper reviewed holistically the causes and resultant effects of recession on the Nigerian social and economic wellbeing. The study reviewed extant literature and identified poor economic planning, high inflation rate, high-interest rate, high taxation, policy conflict, nefarious acts of politicians, unhealthy transactions of business moguls and hike of price petroleum as causes of the present economy recession in Nigeria resulting in downsizing of organizational employee, bankruptcy of companies, skyrocketing unemployment, electrical power shortage, lawlessness, death, infidelity, high cost of living, insecurity and extortion. The study concludes that, Nigeria can only be out of recession sonnest if Nigerian government can reduce tax rate, ensure effective spending, enhance access to credit, increase her expenditure on skill acquisition, encourage entrepreneurship and diversify the economy by investing in and encouraging agriculture.*

**Key Words:** Economy, Nigeria, Panorama, Recession, Sustainability.

### INTRODUCTION

An indicator of recessed economy is a state of negative economic growth spanning up to two consecutive financial quarters. Pells (2008) pinpointed that, the global financial crisis that took place in 2008 is a major financial crisis the worst of its kind after the Oreat Depression of 1930. According to Oyesiku (2009), economic recession is not an usual occurrence; certain factors which include dollar collapse, oil price rise, and inflation, housing bubble, loss of consumer confidence, excess buying and global economy are responsible. The major cause of economic recession in any economy (lesson from great depression, 1981, 1991, 2008 economic recession) may include: High inflation, a general rise in price of goods and services – leading to low purchasing power, accumulation of debt servicing especially foreign debts, high-interest rate – discouraging investor, fall in aggregate demand, fall in wages, income, mass unemployment, and general loss of confidence in the government.

The objectives of the study are:

1. To identify the causes and resultant effects of recession in Nigeria
2. To proffer remedy to curb recession in Nigeria

### Causes of Recession in Nigeria

The International Monetary Fund (IMF) (2016) and the Central Bank of Nigeria (CBN) (2016) have conceded that Nigeria economy has plunged into recession and posited that Nigeria's economy may not in the near future regain stability. The report presented by IMF (2016) indicates that as at 2009 the gross domestic product growth was 10% and became -2% as at 2016. Noko (2016) define economics recession as a negative real GDP



growth rate for two consecutive quarters (say first and second quarters). Judging by the above definition, Noko (2016) affirms that Nigeria is experiencing economic recession currently, since her first and second quarters growth in 2016 are -1.7% and -2.06%.

National Bureau of Statistics, NBS (2016), submitted that, the Nigeria's GDP at constant basic prices, contracted in the second quarter 2016 (Q2'16) by 2.06 per cent after shrinking 0.36 in Q1'16. Gabriel, Anaeto, Nwabughio, Elebeke and Onuorji (2016) pinpoint that, the non-oil sector declined due to a weaker currency, while lower prices dragged the oil sector down, slump in crude prices, Nigeria's mainstay, has depressed public finances and devaluation of the Naira, causing foreign exchange shortages. Gabriel et al (2016) stressed that crude sales account for about 70 per cent of government revenues. Drop in crude price at international market has bandwagon negative effects on the Nigeria economic, attacks by militants on oil and gas facilities in the southern Niger Delta hub, since the start of the year 2016, has cut crude production by about 700,000 barrels per day (bpd) to 1.56 million bpd, against government's 2016 budget assumption of 2.2 million bpd. According to Nigeria Bureau of Statistics, NBS, (2016), annual inflation reached 17.1 per cent in July 2016 from 16.5 percent in June 2016, which is more than 10-year high, while food inflation rose to 15.8 per cent from 15.3. Oyesiku (2009) opined that, economic recession is triggered by certain factors which include; dollar collapse, oil price rise, inflation, housing bubble, loss of consumer confidence, excess buying and global economy crisis are responsible.

Table 1: Causes of Recession in Nigeria

Cause	Source
Poor economic planning	Noko (2016)
High inflation rate	Noko (2016)
High-interest rate	Noko (2016)
High taxation	Noko (2016)
Policy conflict	Noko (2016)
Nefarious acts of politicians	Noko (2016)
Unhealthy transactions of business moguls	Noko (2016)
Hike of petroleum price	Noko (2016)
Insurgency	Gabriel et al (2016)

### Resultant Effects of Recession in Nigeria

The resultant effects of recession in Nigeria are presented in table 2.

Table 2: Resultant effects of Recession in Nigeria

Effects of recession	Source
Downsizing of organizational employee	Noko (2016)
Bankruptcy of companies	Noko (2016)
Skyrocketing unemployment	Noko (2016)
Electrical power shortage	Noko (2016)
Lawlessness	Noko (2016)
Increasing mortality rate	Noko (2016)
Marital Infidelity	Noko (2016)
High cost of living	Noko (2016)
Insecurity	Noko (2016)



Extortion

Noko (2016)

### Remedy for curbing recession in Nigeria

The remedies for curbing recession in Nigeria are presented in table 2 below.

Table 3: Recession Curbing Remedies in Nigeria

Remedies	Source
Reduce tax rate	Noko (2016)
Ensure effective spending	Noko (2016)
Enhance access to credit	Noko (2016)
Encourage Entrepreneurship	Noko (2016)
Government Investment in Agriculture	Noko (2016)
Increase manufacturing produce and export	Noko (2016)

## METHODOLOGY

The approach for this paper was a critical reviewed of extant literature. The paper examined the possible causes and effects of recession in Nigeria and remedy to curb these menace.

## DISCURSION OF FINDINGS

### Causes of Recession in Nigeria

The work identified poor economic planning, high inflation rate, high-interest rate, high taxation, policy conflict, nefarious acts of politicians, unhealthy transactions of business moguls, hike of petroleum price and insurgency (Noko, 2016). Overtime in Nigeria, budget misappropriation by federal government hampers economy growth. This is evident in allocation of funds to non-essentials and relegating the essentials to the background. Alongside this is non implementation of budgeted funds to allocated sectors. The banking sector policy is also extorting and discouraging. Exorbitant charges on every transaction made and skyrocketing interest rate on loans discourages real estate developers and other investors. Other than banking their money, many Nigerian prefer the prevailing money doubling schemes like MMM and others thereby reducing their liquidity capacity. In essence, instead of this capital been invested for returns they are being circulated among some Nigerians who claim that they offer help and receive help. Aside from the banking sector and its challenges, our politicians are not helping matters either. The rate at which Nigerian politicians steal and hide the nation's money in foreign countries is alarming. This is made more manifest by the current government headed by his Excellency General Muhammadu Buhari. It is embarrassing, barbaric and inhuman for Nigerian politicians to hide money in septic tanks, deposit looted funds in developed and developing countries thereby boasting the economy of such nation while our beloved country wallow in economy depression.

### Resultants Effects of Recession in Nigeria

The negative effects of recession in Nigeria are mind-burgling and sardonic. Looking from the home front, many families are filling the hit of recession forcing most people to have a review of their life styles. Most people now prefer trekking the distances they used to plight with cab because of high cost of transportation. Nigerians are more than ever careful in the use of electricity. Lights, appliances and gadgets are promptly switched off



when not in use to reduce electricity consumption. Nigerians now more than ever see “good or quality” in made in Nigeria goods by consuming more of these items other than the costly alternatives from the overseers. Budgeting is now scrutinized. No more spending extravagantly even at the parties. Other than opting for quality food or materials, most Nigerians now prefer reduced price goods and inferior since that is what their buying power can afford. More than ever, families now put a distinction between wants and needs and go for needs instead of wants. Family breakdown due to inability of the head to provide adequately for the material needs of the family member. This has resulted in infidelity since some woman seek financial help from other men other than their husband resulting immoral acts and as a result ripping apart their marital bond and cumulating to divorce.

## CONCLUSION

This paper concludes that Nigerian government at every level must be sincere in carrying out its constitutional responsibilities in terms of policy making that are both poverty alleviation and economically viable. The present economy quagmire is man-made and can be nip to the board through collective efforts of both the government and the general masses. Other than relying on crude oil as the sole means of survival economically, Nigerian government especially at the federal level should look inwards and takes advantage of other mineral resources carefully hidden in our land for exploration and resuscitating our dwindling economy. Enough of paper- tiger policies that do not see the light of the day that are only discussed but never implemented.

## RECOMMENDATION

This study recommends that:

- i. Nigeria economy should be diverse. Other mineral resources like coal and bitumen should be tapped into to generate revenue just to mention a few
- ii. Federal government should via into mechanized agriculture which can serve as alternative source of national income.
- iii. Federal government should formulate workable policies that are economy driven by employing or engaging the best hands.

## REFERENCES

- Noko, E. (2016). *Economic Recession in Nigeria: Causes and Solution*.
- Oyesiku, (2009). *Global Economic Recession, the Environment and Sustainable Development in Nigeria*. Annual Lecture Series, College of Management and Social Sciences, Osun State University, Oshogbo held on 28th April, 2009.
- Pells, L. D. (2008). *Silver living: why the economic recession may be good for project management*. *Pm world today*, vol. 10, issue 7.
- Gabriel, O., Anaeto, E., Nwabughio, L., Elebeke, E., and Onuorji, S. (2016) *Economic recession worse than expected – National Bureau of Statistics: Vanguard news, Casted on September 1, 2016.*
- Stephanie, O. (2016). *Recession in Nigeria: What are the effects?*, An article on *Niaja.com*: accessed: 27<sup>th</sup> February, 2016.