**THE STATE AND MANAGEMENT OF ECONOMIC RECESSION IN NIGERIA 2014- 2017**

**BY**

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 **U14/MSS/POL/065**

**DEPARTMENT OF POLITICAL SCIENCE**

**FACULTY OF MANAGEMENT AND SOCIAL SCIENCES GODFREY OKOYE UNIVERSITY UGWUOMU NIKE ENUGU**

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**TITLE PAGE**

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**A PROJECT SUBMITTED TO THE DEPARTMENT OF POLITICAL SCIENCE, FACULTY OF MANAGEMENT AND SOCIAL SCIENCES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF BACHELOR OF SCIENCE (B.Sc) IN POLITICAL SCIENCE**

**SUPERVISOR**

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 **JULY, 2018**

**DECLARATION**

 I, Ugwueze Onyeka Norbert hereby declare that this research work was written by me and has not been submitted or received anywhere for the purpose of acquiring degree in Political Science or any other programme.

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Ugwueze Onyeka Norbert Date

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 **APPROVAL PAGE**

This is to certify that this research work “The State and Management of Economic Recession in Nigeria 2014- 2017” by Ugwueze Onyeka Norbert in the department of Political Science/International Relations as been examined and approved as meeting the requirements for the award of Bachelor of Science (B.Sc) Degree in Political Science, Faculty of Management and Social Sciences, Godfrey Okoye University, Enugu.

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External Examiner Date

 **DEDICATION**

This Research work is dedicated to my Best Friend, Late God’s Power Honest. We started this journey together and even though I’m ending it alone, wherever you go, you will always be in my heart.

I also dedicate this work to my mentor and daddy the spiritual director of Adoration Ministry Rev.Fr. Ejike Camillus Mbaka whose prayers and support was flowing like rivers of living water.

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**LIST OF ABBREVIATION**

ILO International Labour Organization

ERGP Economic Growth and Recovery Plan

CBN Central Bank of Nigeria

IDP Internationally Displaced Persons

PAN Peugeot Automobile Nigeria

MBPN Ministry of Budget and National Planning

SIP Strategic Implementation Plan

NIRP National Industrial Revolution Plan

GDP Gross Domestic Product

PPP Public Private Partnership

PEBEC Presidential Enabling Business Environment Council

GFC Global Financial Crisis

NYSE New York Stock Exchange

GEC Global Economic Crisis

FAAC Federation Account Allocation Committee

**ABSTRACT**

The study examined the state and management of economic recession in Nigeria. The objectives set for the study are: to ascertain whether the failure of the state to adequately manage oil resources contributed to recession experience in Nigeria from 2014 2017, to ascertain whether the implementation of economic recovery plan (EGRP) reduced the hardship caused by recession experience in Nigeria between 2014 2017. The rentier state theory was adopted to justify the hypothesis which are “The failure of the state to adequately manage oil resources has contributed to economic experience in Nigeria from 2014 2017” and “ The implementation of economic growth and recovery plan (EGRP) has not reduced the hardship caused by the economic recession in Nigeria between (2014 2017). Documentary method of data collection was used to collect data from secondary source of data. Data analysis was based on content analysis. The findings from the study reveal that the economy of Nigeria has been badly affected by recession caused by over dependence on oil revenue, excessive imports and low investment inflows. The federal and state budgets are experiencing spending difficulties due to shortfalls in government revenues. As a result, poverty, unemployment, debt rate, and crime rate have escalated in Nigeria. Based on the findings, the study recommends that the government at all levels should put in place sustainable fiscal and monetary policies geared towards economic development and shift from a mono product economy to a more diversified economy.

**Key Words:** Recession, Economy, Economic Growth and recovery plan (EGRP), State, oil.

**CHAPTER ONE**

**INTRODUCTION**

**1.1 BACKGROUND OF THE STUDY**

Nigeria is a nation that is endowed with abundant human and material resources, agriculture was the main stay of the economy at the time of Nigeria’s political independence in 1960, accounting for about 70 percent of the GDP and about 90 percent of foreign exchange earnings manufacturing which contributed 3.9 percent in 1960 to 1961, reached a pack of about 10 percent in 1981 and thereafter stated to decline progressively to the lowest level of 2.57 percent in 2006(Adelakun, 2008). Crude oil became dominant in the Nigeria economy, starting from 1970s and presently accounts for about 40 percent of the GDP, over 95 percent of foreign exchange earnings and over 70 percent of federal government revenue (Adelakun, 2008). However, due to gross mismanagement, profligate spending, kleptomania and adverse policies of various government of Nigeria, these resources have not been optimally utilized, these resources have not been adequately channeled to profitable investment to bring maximum economic benefit (Agbo, 2014). As a result of the foregoing, Nigeria has been bedeviled with poverty and unemployment (Tokunbo, 2005:1).

Nigeria claims to be giant of Africa but remains among the world’s poorest countries in terms of gross national product (GNP) and access to social and political life(Agbo, 2014). This is in spite of the fact that Nigeria is the sixth oil producing nation in the world, yet the poor and unemployed constitute 70% of her population (Dike, 2006:2, Onobum, Obadan, 2002:186, &Onah, 2006:68). This reflects the poor management of the economy, irrespective of huge resource injected towards it eradication (Joseph, 2006:238, & world 1996; 3).

Recession is generally the slowdown in economic activity. The national Bureau of Economic Research (2008) defines an economic recession as a significant decline in economic activity spread across the economy activity spread across the economy, lasting more than a few months normally visible in real GDP, real income, employment, industrial production and whole sale-retail sale. During recession, many macro-economic indicators vary in a similar way production GDP, employment, investment spending capacity utilization, household income, business profit all while bankruptcies and unemployment rate rise.

 The current recession in Nigeria is as symptom of monoproduct economic structure, lack of economic diversification and over-reliance on to global oil price shocks and violality, worsened by oil pipeline vandalism and depletion of foreign reserves by previous governments Nigeria recession was triggered by a sharp drop in government revenues and or a drop in consumer spending. A global oil price (which Nigeria cannot); triggered a drop in revenue and government not being able to earn what is used to earn before the drop. The mono product economy structure, heavy dependent on crude oil export and official corruption are the root cause of economic recession in Nigeria (Eneji,Dinis,&Umejiaku,2016).

Economic recession created harsh economic climate in Nigeria which is evidenced by highly energy lost, high naira exchange to dollar. The horrendous nosedive in stock manufacturing industries were delisted[in stock exchange there were massive labour turnover(layoffs) as a result of low capacity utilization and factory closure, textile industry was the hardest hit with about 80% of its capacity utilization (Asian, 2005). The dwindling state of the economy made naira rate of exchange to Us dollar very unstable and tremendously high, it posed difficulty in importation of spare parts, equipments and raw materials for manufacturing industries (chukwu,Liman,Enudu&Ehiaghe 2015).

 The initial response of policy makers in Nigeria was meek, either they did not understood the crisis or underestimated its magnitude and insisted that the fundamental of the financial system look impressively strong even when the capital market capitalization had dropped from12 trillion to less than 9 trillion (Abdul, 2009). Base on the foregoing, this study examine the link between the state and the management of economic recession in Nigeria between 2014-2017

**1.2 STATEMENT OF THE PROBLEM**

Nigeria is a country blessed with abundant of human and natural resources. However these resources are not put to good use As a result, majority continue to wallow in poverty. Basic amenities such as water, food and shelter are in short supply. According to NBS data the Nigeria economy recorded two consecutive quarter of economic contraction, in Q1 2016,GDP growth was negative(-0.36%) and recently revealed Q2 data reflects a larger contraction of situation .the situation Nigeria masses have been battling with for quite something. the antecedent in the country provided justification economic woe, also the present situation substantiates the effect of absence of clear policy direction of the government . the international monetary fund (IMF) as well as the central bank of Nigeria (CBN) have all agreed that the Nigeria economy has plugged into recession. They asserted that the Nigeria economy may not regain stability until early 2017 with low rate of 1.5%

The impact or danger of the consequences of recession may lack visible team of management to sustain productivity as a result of layoff. The standard of living of people dependent on wages and salaries are more affected by recession than those wholly on fixed incomes and welfare benefit, the loss of job is known to have negative impact on stability on families and individuals’ health and well being (Vaililigan, 2009). The recession in Nigeria and the effort to manage it has attracted attention of writers. Some scholars have failed to investigate on how the government invests in education and empowerment and how research and innovative activities are not encouraged by the government. According to economic researchers the countries with least enterprising spirit are amongst the poorest in the world, Schumpeterian sense, the entrepreneurs are agents of change and economic development who anticipate and maybe even trigger economic booms (Koellinger&Thunks, 2011).

Again, some other scholars asserted that the government should encourage small scale business. Increase domestic production, domestic trade and employment. This will boost income and increase produce and improve macroeconomic variable in this business cycle of recession.(Fuphunda, 2012; Eneji, Malifia, &Umejiaku, 2016) these scholars failed to explain how Nigeria export raw materials only to end up importing finished products. This is because they either do not have adequate processing industries (disjointed industries without product linkage) or fail to meet international standard in the processing of raw material into finished product.

The effort or the contributions of writer in the extant literature reveals that the link between the state and management of economic recession has not been properly articulated. This form the gap or lacuna this study attempt to fill based on the foregoing, the study investigate the following research questions:

1. Did the failure to adequately manage oil resources contribute to recession experience in Nigeria from 2014-2017?
2. Has the implementation of economic growth and recovery plan (EGRP) reduced the hardship caused by the economic recession in Nigeria between 2014 -2017?
	1. **OBJECTIVE OF THE STUDY**

 This study examines the state and management of economic recession in Nigeria from 2014-2017.However, the specific objectives for this study are:

1. To ascertain whether the failure to adequately manage oil resources contributed to recession experience in Nigeria from 2014-2017.
2. To ascertain whether the implementation of economic growth and recovery plan (EGRP) reduced the hardship caused by the economic recession in Nigeria between 2014 -2017.

**1.4 SIGNIFICANCE OF THE STUDY**

This study has both theoretical and practical significance. Theoretically the study will add to existing body of knowledge on the management of economic recession in Nigeria, it will also bring to light those factors that militate against effective utilization and mismanagement of resources meant for alleviation of economic growth and eradication of economic recession in Nigeria.

Practically, this study will provide information and empirical evidence that will enable the government, policy makers, donor agencies and stakeholders to redesign and adopt sustainable, effective and efficient policies and strategies for the realistic management of economic recession in Nigeria

More so, the finding will also be of immense benefits to non-governmental organization (NGOs) and civil society by exposing them to economic recession in Nigeria. It will be serving as a guide towards a more pragmatic and result oriented approach to curtail recession and also help in building programs there by creating opportunities for the poor and unemployed in Nigeria to gain control over their lives

Finally, this research work serves as a spring board for continuation of research and information for the state and management of economic recession in Nigeria.

**1.5 HYPOTHESES**

The hypotheses put towards empirical investigation include:

1. the failure of the state to adequately manage oil resources has contributed to recession experience in Nigeria from 2014-2017
2. the implementation of economic growth and recovery plan (EGRP) has not reduced the hardship of economic recession in Nigeria between 2014-2017

**CHAPTER TWO**

**LITERATURE REVIEW**

**2.1 ECONOMIC RECESSION**

The first technique of economizing the efforts of research is to review and buildupon the work already done by others. Such review should include books, journals, articles and official documents relevant to the study (Oshisanmi, 1988:78).In recession there is usually a decline in certain macroeconomic indicators such as GDP, employment, investment spending capacity utilization with the attendant increase in the rate of unemployment (CBN 2012).

An economic recession is constituent with an increase in unemployment as jobs are lost and new jobs created are stalled, a return to economic growth provides an impetus to employment. However growth may lag and unemployment rates worsen especially at the end of a recession and for many months after, (National Bureau of Statistics, 2017). The unemployment rate induced by a recession typically peaks 15-18 months after the beginning of a recession or 4-8 months after the end of recession before it returns to its pre-recession trend. This, in the case of Nigeria will be a peak in 2018, the length of the lag depends on how stable and fast the recovery is well as in the economic sectors diving the recovery (labour or capital/technology intensive).(National Bureau of Statistics,2017).

Mailafia (2016) noted that economic recession stagnates wages growth and increase the proportion of people on low pay, as well swelling unemployment and underemployment.

Agugua (2002) stated that Nigeria’s enormous financial and economic resources endowment, Nigeria is not supposed to be badly hit by economic recession. The ailing economy was as a result of decade of mismanagement, corruption and political instability.

Contributing lyman (2004) opined that some manufacturing industries are still comatose in spite of the industries are faced with the problem of infrastructure are faced with problem of infrastructure especially power, high naira exchange rate to US & high bank interest rate and this makes our industries less competitive in a globalized economy.

Bauer (2009) opined that economic recession and global financial crisis have inter-linkage with poverty incidence in developing countries. Elizur and Sagre (1999) argued that low skilled low educated workers and young and most vulnerable to employment in downstream. After a recession in Britain in 1980s and 1990s, it took five years for unemployment to fall back to its original level. The problem of economic recession lies with little or no little premium placed on experience andrequires professional skill of staff. Organization as a centerpiece of economic activities responds to economic recession into forms of organizational downsizing and organizational decline (lee, 2001) where organizational downsizing is intentional proactive management strategy; resultant rise in unemployment compounded by endemic corruption had all but the economy to a halt (Akin,2010)

Vaitilingan (2009) asserted that the danger of the consequences of recession is often enormous as organization affected by recession may lack visible team of management to sustain productivity as a result of layoff. The living standards of people dependent on wages and salaries are more affected by recession than those who rely on fixed incomes and welfare benefit. The loss of job is known to have negative impact on stability of families and individual’s health and well-being.

Siegel (2002) stated that since 1948 ten recessions were preceded by stock market decline the real estate market also usually weakens before a recession. However, real estate decline can last much longer than recession. Furthermore, Koo (2009) emphasized that under ideal conditions a country’s economy should have the household sector as the net borrows with the government budget nearly balanced and not export near zero when these relationships become imbalanced recession a develop within the country. Policy responses are often design to drive the economy back towards this ideal state of balance.

Recession can caused by two broad factors internal (endogenous) and the external (exogenous). The former is usually as a result of conflicts of ideas, multiplication of economic theory and regulatory negligence or policy inconsistency (CBN, 2014).The external causes of recession have to do with factor that exogenesis to the economy over which policy makers have little or no control. Factors like natural disasters, climate change, revolution and wars. An agricultural economy could face crop failure resulting in general economic slowdown. Also, a mono-economy could suffer recession from international price shock for its products the neoclassical economic are of the user that interference in the market labour union, monopolises and technological shocks are external causes of recession (CBN, 2014)

Femi (2010) stressed that the immediate cause of economic meltdown of 2008 in US was rooted in housing market. It was the inability of numerous borrowers in the housing sector to pay which is technically called subprime default that caused the onset of financial crises. It has hurt investors and bankers in the housing market while raising the sector of a recession in the world economy. The sharp drop in the prices of oil led to the depletion of the accumulated forex reserve to sustain imports. With time, Nigeria has no choice but to devalue its currency in the foreign exchange market. This led to increase in the prices of imported goods and worsening of the standard of living of her citizenry (Soludo, 2008).

Some recession has been anticipated by stock market decline At the end of October UBS revised its outlook downwards: the forthcoming recession would be the worst since the early 1980s recession with negative 2009 growth for the U.S., Eurozone, UK; very limited recovery in 2010; but not as bad as the Great Depression (Sagagi, 2008:11).

Siegel (2007) mentioned that since 1948 ten recessions. However, real estate decline can take much longer than recession (Shiller 2009)

Chinguwo and Blenit (2012) posited that economic recession, financial crisis and climate change problems combined to make life even more difficult for working people and their families.

Vaitilingan (2009) proposed that productivity tends to face in early stages of recession and then rise again as weak firms rise sharply. This corroborates the finding of Oludayo and Okwara (2012) that although the recent economic recession has cripple effect in many industrial organizations resulting in low productivity and negative consequences, however the impact has not been the same for every organization. The point according to Oludayo and Okwara (2012) is that some organizations may have experienced the worst hit like textile industry; others may have utilized the opportunities of the period as a brace up towards higher productivity, goodwill mobilization for employees.

During an economic decline high yield stocks such as fast-moving consumer goods, pharmaceutical and tobacco tend to hold up better. However, when the economy starts to recover and bottom of market has passed, growth stocks tend to recover faster (NASSAAG composite index, 2011)

Oyesoku(2009) explained that economic recession does not just occur certain factors trigger recession which include inflation, loss of consumer confidence, excess supply over demand excess demand over supply and global economic crisis.

There is nothing exceptional about Nigeria’s current economic crisis, it is simply the manifestation of years of state dependence on revenue from violate commodity that is crude oil, a persistently unhealthy domestic business environment, external trade stock dysfunction between fiscal and monetary policies weak institutions and lack of diversified exports policy to boot foreign exchange earnings (Budget 2017). Sanusi (2010) asserted that inadequate funding and investment from oil and gas wealth has left agricultural wealth sector in a lurch and uncompetitive to promote forward and back linkage. This has hindered the much-needed transformation of the economy in the last four decades.

Adelman (2011) noted that if any market economy would have escaped a recession, it would have been US economy however, despite prudent economic management, the US economy experienced periodic recessions and the last global economic crisis was triggered by the collapse of sub mortgage sector.

Chossudorsky and Richard (2010) argued that Nigeria is not the only country that has experienced economic recession. Several other countries have also gone through recession in different phases and have recovered in varying degrees, they include: Korea, Hong-Kong and Southeast Asia 1997-1998. United States of America 1974-1975, double deep recession in 1949 and 1980-1982. Japan in 1993-1994, Thailand 1997-1998, Australia 1931-1932, United Kingdom in 2000 and Venezuela double deep 2015-2016.

Obadina (1999) connects that the economy is burden by biggest external deep in Africa, while its heavy dependence on crude oil revenue let it vulnerable to the plummeting prices of the last years.

Inspite of the international crisis, the monetary authority have continuously assured the Nigerian people that various indicators portray the Nigerian banks as being in a state of good health. According to the (CBN,2009a),Abdul (2009) explained that the initiative response of policy makers in Nigeria was meek, either they did not understand the crisis or underestimated its magnitude and insisted that the fundamental of the financial system look impressively strong, even when the capital market was bleeding uncontrollably. The minute of planning stated rather insensitively that there is no problem in the nation’s capital market, this was at a time when market capitalization had dropped from N12 trillion to less than N9 trillion about 58.4% of Nigeria oil export is US bound and up to 25% to Euro zone 67% of our non-oil export goes to western Europe 20% to Asia, while ECOWAS accounted for 11% in 2007. About 99% of foreign resources and 85% of local revenues are directly deprived from activities related to oil which is at the center of financial crisis. The stock of our foreign reserves is kept in European capital where financial crisis is affected trade and investment flow is bound to impact on domestics (Abdul, 2009).

Lekwa and Anyaogu(2016)stated that Economic recession has drastically affected educational development. Teachers are owed months of salaries: their children go and hawk to help make ends meet; parents cannot pay their children’s school fees or by kits for them in consequences many children as drop outs from school more illiterates and potential criminals are raised in skates. This is also creating future educational problems for the state.

Opeyemi (2008) observed that there are causes of unemployment, retrenchments, downsizing and layoffs, which served as indications to a troubled economy.

Alufo(2009) notes that the country dependence on the export sector is very significant:99% of foreign exchange and 85% of local revenues are directly derived from activities related to export of a single commodity, which is at the center of the current financial crises indeed the world’s economies are integrated financially: a little shake-up in one area of the world affects the other.

Tinasa (2004) is of the opinion that there are so many factors militating against effective human resources management in the country today. For instance, it could be blamed on history if we relate it to the colonial experience and I we probe into political leadership and ineffective manpower planning by organizations to anivers will not be very hard to believe. In truth poor leadership is closely related to be problem of human resources development in Nigeria.

Tinuke (2012)prior to the impact of the meltdown in Nigeria,the banking sector was swimming in a pound of false confidence in the financial policies there was a crash in the stock market, the prices of oil rocketed and left many financial looms depressed with the fear of impending crunch. The crash affected the economy to fight off the under-lying sickness of unevenly distributed wealth, Agricultural depressions and banking problems with the crash it was apparent that the Nigerian economy faces. The crippling effects of global economic vigor the finance minister during Obasanjo’s civilian administration, Mrs.Nenadi bin her review of progress made economic reform to turn around the economy. That Nigeria was in a recession at the advent of their administration in 1999(Vanguard 22 December, 2007)

By March 2009, the Arab world had lost $3 trillion due to the crisis. In April 2009, unemployment in the Arab world is said to be a 'time bomb'. In May 2009, the United Nations reported a drop in foreign investment in Middle-Eastern economies due to a slower rise in demand for oil. In June 2009, the World Bank predicted a tough year for Arab states. In September 2009, Arab banks reported losses of nearly $4 billion since the onset of the global financial crisis (Sagagi, 2008:14).

Eze(2009) opined that loans were accessed from foreign banks meant for project at home but the funds so borrowed never made it into Nigeria shore they end up in foreign personal bank account of our leaders the problem of Nigeria begin and end with corruption. Once corruption is eradicated the problem of Nigeria and its persistent economic recession will come to an end. A total of 35 texture companies were closed down in Nigeria at the onset of economic crunch and 23/26 employees lost their job (Femi, 2007). Also, between 2007 and 2010, a total of 837 firms closed down as a result of economic recession (lay 2010). The reason for the closure was negative policies of some state and federal government to tackle economic recession coupled with harsh economic reform of the government. Some of the negative policies of some state government were multiplied taxation and levies not less than 834,000 jobs were lost during this period (punch October 31, 2010).

Nigeria is experiencing economic recession currently since her first and second quarter’s growth in 2016 were -1.7% and -2.06% respectively. Ahmed (2017) noted that the causes of economic recession in Nigeria are poor economic planning by the past government. Absence of concrete implementation of economic planning is the major cause of the current recession.

Padayache(2010)opined that the main channel induced slow-down foreign financial flows of all types into sub-Sahara Africa and region’s dependency on commodity based export growth.

**2.2 STATE AND MANAGEMENT OF ECONOMIC RECESSION**

Although the Nigerian economy has huge potentials for growth and development with its vast endowment of natural and mineral resources, the country has been held back by decades of economic mismanagement. This is why the economy is already feeling the adverse effect of the global financial crisis against the backdrop of its strong linkage to the global economy through international trade and finance, that is, through export and import of goods and services, and capital inflows and outflows. In this regard, crude oil exports and refined petroleum products imports are particularly significant (Nwogwugwu, 2011).

Economic recession in Nigeria is galloping despite attempt by the state to ameliorate the scourge poverty is geometrically increasing, poverty is deep and pervasive, with about 70 percent of the population living in absolute poverty(Eze, 2009).Corruption has permeated the entire social structure of Nigeria. It has robbed the country of developing a vibrant economic base. Funds meant for development projects have been misappropriated, diverted, or embezzled and stashed away in foreign banks, while some incompetent and corrupt bureaucrats or administrators in the public enterprises and parastatals have liquidated these organizations (Okafor,2011). The point being made here is that the collaboration of the political elites, local and foreign contractors in the inflation of contract fees have robbed Nigeria of the chances of using more than $500 billion estimated revenue from the oil sale in the last 50 years to develop a vibrant economy that would have created jobs for the youths in various sectors of the economy.(Agbo,2019)

Fapohunda (2012) advised the government to encourage small business while Central Bank should also encourage loans to small and large scale business for growth that will affect the economy positively. Cooperate governance should be taken as a religious order. It should be respected and the rubrics should be followed with consequential punishment to those who sacrilegiously offend.

Cameron (1994) held that the age-living belief in white collar jobs should be demystified where the need for retrenchment or downsizing comes up as a necessity there should be a proper place counseling to empower affected employee to have positive orientation in each situation there should be pre-retirement workshop and incentives for early retirement.

Sander (2008) observes that companies are expected to employ for the sake of the world rather assessments should be done. Organizations should predicatively employ good hands to make their relations better and effective, there should be genuine reasons to layoff or downsize, preserve staff or employ more.

Omorogbe (2014) revealed that there is little or no evidence to prove that developing countries (LCDs) launch a successful economic transformation without going through agriculture revolution.Agbebakuet. al (2005:212), positing their views on the caption: “deregulation andpoverty in Nigeria”, maintained the following factors as being responsible for poverty inNigeria. They include bad social policy and cultural values and attitudes, lack ofeducation and training, failure to take risk and make tough choices, inadequate skill oninformation technology for mass production and economic slums. Other ones accordingto the authors are poor leadership, class structure, flood and other natural disasters.

Ajimoto(2010) stated that the federal government should develop policies targeting non-standard work from informal sector through innovative approach that will guarantee equality of wealth that will vanish poverty in Nigeria through subsidized employment and subsidized housing.Furthermore, there is no vibrant manufacturing sector which has the capacity toabsorb unemployed Nigerians. There are over 800 collapsed industries in Nigeria andover 37 factories have closed shops in 2009. About half of the remaining operatingfirms have been classified as “ailing”, a situation that posses a great threat to thesurvival of manufacturing in the country in the next few years. According to a surveyCarried out as part of its membership operational audit in January 2010 by theManufacturers Association of Nigeria (MAN), the 834 figure represents theCumulative aggregate of firms that have shut down their operations in 2009 across theCountry.

The MAN survey usually covers five manufacturing enclaves, into which theCountry is divided, in terms of manufacturing activities, as follows: Northern Nigeria,Southwest, south-south and Southwest areas. The report of the survey showed that in2009, a total number of 176 firms became terminally sick and collapsed in thenorthern area, comprising the Kano and Kaduna states manufacturing axis. In thesoutheast area, this is comprised of Anambra, Enugu, Ebonyi, Abia States, a totalnumber of 178 companies closed shops during the period. While the South-Southarea, which consists of Rivers, Cross River, and AkwaIbom States, 46 companiesshut down operations before December 2009. According to the Survey, the southwestarea, which comprised of Oyo, Ogun, Osun, Ondo, Ekiti, Kogi and Kwara states,lost 225 companies during the year. It is said that the Lagos area, covering Ikeja,Apapa, Ikorodu, and other industrial divisions in the state, followed closely with 214manufacturing firms closing shops before the end of 2009 (Maiyak, 2010;Okafor2008; Oparah, 2011, Usman, 2011).

Ado(2013)assorted that Agro-processing industries create employment and add value to crops produced in the region. Nigeria will not achieve reasonable economic growth, poverty alleviation and improvement in food security without productivity increase in Agriculture.

Udom (2016) said that Assert divestment stable oil production and expansion of economic infrastructure are part of the strategic plan of the Nigerian government to have troubled economy out of recession and retune growth.

Ado(2016) opined that agriculture commercialized and investment are key strategies for promoting modernization, sustainable growth and development and reverting economic recession in Nigeria.

Eneji,Mailafiaand Umejiaku (2007) saw the need to reduce the levels of government borrowing because controlling excess government borrowing is essential for the economy to bounce back. There is need to reduce income taxes for household and firms and increase domestic production, domestic trade and employment, this will boost income and increase consume r and producer spending , raise economic activities and improve macroeconomic variables in the business cycle of recession .

Gordon (1998) encountered his experience. Now brethren I want it very clear, I am not prophesying that I am not predicting years of famine in the future. But I am suggesting that time has come to get our houses in order, so many people are living on the very edges of their income. In fact, some hiring or borrowing.

Oyebode(2009) in a way of advice said that “those who lose fortunes at the stock market doing our own meltdown or lost their jobs to ravaging recession which had ignited massive layoffs in the battle forsurvival by their employers should not just sit at home licking their wounds”. Same also goes for graduates of our numerous universities and polytechnics who have been teaching the street in guise of non-existent jobs. We should all mobilize in order to ensure that the correct policies are put into place by the government.

Derepamo(2007) noted many countries all over the world had at one time or the other experienced problem that has resulted to serious amine, depression and death. Some people during the periods of intense suffering even committed suicide. The United States of America (USA), Japan, china and even Ghana are living examples in fact many Ghanaians in the 80s left the country to neighboring countries especially Nigeria for safety, while others died in the process. What shall we say about the sad experience of Japanese and Chinese? But when visionary leadership emerged in those countries, things turned around for good and the evidence are clearly seen.

EnejiMalaifia and Umejiaku(2016) stated that addressing the economic recession requires a shift from mono product economy structure, overdependence on imports and diversification of economy with at least 70 percent local contents in order to market economic progress Nigeria must change the structure of economy and move away from oil to agricultural value added entrepreneurship, chemicals , pharmaceuticals industry, develop the iron and steel industry for local fabrication of industrial tools. This will change the structure of the economy to a path of sustainable growth.

Nwani(2016)posited that government should enact an act focused on economic restoration “Nigerian Economic Recovery Act” emulating the trend in United States extracting all delay and inhibiting factors to economic decisions and actions of the executive and seek possible way to expunge, this bills should be passed within a day to avoid delays, sentiments and further create a coherent package bringing out key stakeholders on board. This bill should be passed with emphasis on forex shortage and recession, modified to favor the public procurement act. A collaborative effort is a very key in achieving milestone to bring Nigeria out of recession.

Achike and Ichoku(2016) the situation therefore requires the tiers of government reordering their priorities, scaling down projects that benefit only few privileged citizens and expanding social investments that affect the poor and those executed from benefit. Direct intervention s need to be articulated to hall further decline in access to social services including health and education services that are increasingly difficult for the poor to access and furthermore , there is need for review of the country’s social risk protection policy inherited from colonial period.

Moss (2007) stated that he way to sustain economic progress and promote m development is to shift the “political system from based on promoting public interest”.

Eneji, Mialafia and Umejiaku(2016) advised the government to encourage and promote modern agriculture for big and small farm holders there should be deliberate policy demystify the oil sector, not just classroom theories ,monetary policy should provide access to cheap credits and sources financing start-ups with very low lending rates. There is need to reduce over reliance on foreign goods and finance capital with goods, example from political class.

**2.3 SUMMARY OF GAP IN LITERATURE**

The challenge of recession and its management by the Nigerian state has attracted attention of writers. The effort is the contribution of writers in extant literature reveals that the state and management of recession in Nigeria from2014 to 2017 has not been properly treated.

In other to manage or eradicate economic recession, scholars encourage the government to shift from mono product economy structure, over dependence on imports and diversification of economy with at least 70 percent local content (Eneji,Mialafia,Umejiaku&Udom 2016). These scholars failed to explain how local manufactures should be supported to promote forward and backward linkage. Some scholars however argued that the cause of economic recession is mismanagement of resources,corruption and political instability(Tinusa, 2004, Agugua 2009)poor and effective economic planning and policies (Ahmed, 2007, Lay, 2010 &Abdul 2009) debt crisis and misuse of loans(Obadina1999,&Eze 2009).

These scholars have failed to trace the historical cause of the present economic recession to the institutionalized structures instituted by ourcolonial masters, and the dependent economy inherited by our nationalist from our colonial masters, which has led to the present leadership crisis leaving the economic state of Nigeria in shambles.

**CHAPTER THREE**

**THEORETICAL FRAMEWORK AND METHODOLOGY**

**3.1 Theoretical Framework**

This study is predicated on the rentier state theory. This was first postulated by HosseinMandavy in 1970 who characterized the rentier state as “Those countries that receive on a regular basis substantial amounts of external rents. External rents are in turn defined as rentals paid by foreign individuals concerns of government to individuals, concern of government of a given country”. Based on his study of Middle Eastern oil rich states,Mandavy identifies the importance of economic situations where “oil revenue received by the government of the oil exporting countries have little to do with the production process of their domestic economic” and, “The input from the local economies other than the raw materials are insignificant”.

A rentier state, as asserted by Belawi and Luciani(1987) is used to classify those states that earned all substantial portion of revenues from rent paid by external clients and which creates in the same process a rentier mentality and rentier class in these states. The economic behavior of a renti\er state “embodies a break in work reward causation reward of income and wealth for the rentier do not come as a result of work rather than a chance of situation” (Douglas Yates, 1996). FareedZakaria has poised that such fail to develop politically because in the absence of taxes, citizens have less incentive to place emergence of the new oil states and their increasing importance in world trade in 1970 brought a renewed interest in thinking on rentier economies in the aforementioned discipline of political science and international relations.

According to Obi(2009),the rentier thesis characteristics states that is not revealed to entrepreneurial, innovative or meritorious activities such states are defined by being part of an enclave of externally oriented oil industry that alienates the states from the society, making her aloof from the people and also because the externally earned rents are concentrated in few hands(the political science), making for a particular kind of political economy that feeds corruption and subtracts democracy and development. Hence, in a rentier the infrastructural development and growth of local industries are neglected and undermined.

Ross (in Shaw 2013) identified three key ways which rentierism manifest. These are, the “rentier effect” the “repression effect” and the “modernization effects”. The rentier effects” implies that oil revenues are often used by states to relieve social pressure that might otherwise from the basis of opposition”. The “repression effect” implies that oil wealth enables government to invest in security apparatus to either protect their own position or the extract of resources.

**APPLICATION OF THEORY**

The rentier state theory could be perfectly used to analyze and explain particularly the cause of economic recession and its management by the Nigeria state. There is nothing experimental about Nigeria current economic crisis. It is simply the manifestation of years of state dependence on revenue from volatile commodity that is crude oil, a persistently unhealthy domestic business environment, external trade stock willful dysfunction between fiscal and monetary policies and lack diversified exports policy to book foreign exchange earnings (Budget, 2017)

The rentier character of the Nigeria state is seen in its over dependence on crude oil as the major source of revenue for the country and formulation of policies that are influenced and determined by the dynamic in the oil sector.The discovery of oil quantity in Nigeria, the 1950 remained the mainstay of Nigeria economy to the determent of other sector of the economy especially with the oil boom experienced in 1970 as a result of the dependence on oil revenue most reforms of the Nigerian government have continued to be determined by rent collected from sale of oil to external client and effort to retain such rents.

According to Udom(2016) divestment, stable oil production and expansion of economy are part of strategic plan of the Nigerian government to hall the troubled economy out recession and restore growth.

According to Okoli (2015) the volume of crude oil produced in Nigeria and rent earned is so high that the country ranks as the 8th largest oil producer in the World and one of the leading oil producer in Africa accounting (2009) for over 3 percent of the entire global production (Soludo, 2005, Energy Information Administration(EIA), 2009). He further stated that over the years oil has continued to displays other products as a major source of revenue and export earnings for the country. For instance, 2010 oil accounted for over 96% of total export, similarly oil as a percentage of total government revenue was 78% in 2009, while oil as a percentage of GDP increased from 0.9% in 1960 to over 36% in 1990.

Regardless of the huge profit generated from the oil sector, the Nigerian government has failed to build adequate refineries and companies to refine crude oil for local consumption. Its export of unprocessed crude oil for domestic consumption has deepen the dependent nature of the Nigeria state and encourage the dominance of few multinational companies extracting crude oil for external economy. The existing refineries are moribund and cannot meet the local demand for petroleum products in the country. The extractive activities of these external clients have no linkage with other sectors of the economy and therefore cannot stimulate economic activities in the real sector of the economy (Okoli, 2015).Inadequate funding and investment and agriculture from oil and gas wealth has left Agricultural Sector in lurch and uncompetitive to promote forward and backward linkage. This has hindered the much needed transformation of the economy in the last four decade. (Sanusi,2010).

**3.2 RESEARCH DESIGN**

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose. Research design is the conceptual structure within which research is conducted, it constitute the blue print for the collection measurement and analysis of data(Kothari and Garg (2014)

Asika (2012) defines it as the structuring of investigation aimed at identifying variables and their relationship to one another. It is used for the purpose of obtaining data to enable the researcher test hypothesis and answer the research questions.

This study adopted *Ex-postfactor* research design because there was no experiment conducted in the research, and also because it entails the studying of facts and events that have occurred in the past. Attempts are made to investigate the state and management of economic recession in Nigeria 2014-2017

In hypothesis one, the (X) variable is the “Failure of the state to adequately manage oil resources as contributed to recession experience in Nigeria” from 2014-2017.

In Hypothesis two, the (X) variable is “the implementation of economic growth and recovery plan(EGRP)” has not reduced hardship caused by economic recession in Nigeria between 2014-2017. Based on the research we are measuring the failure of the state to adequately manage oil resources and recession experience in Nigeria 2014-2017. We also measured the implementation of economic growth and recovery plan (EGRP) and how it has not reduced the hardship of economic recession in Nigeria between 2014-2017.

**3.3 METHOD OF DATA COLLECTION**

Methodology is the method employed by the researcher in solving research questions posed in a research work. Data collection is the process of gathering and measuring information or targeted variables in an established systematic fashion which enables one to answer relevant questions and evaluate outcome.

In other to achieve objectives, this study utilized the documentary method of data collection on the analysis of document; this method of data collection was used in this study because it is used to obtain in depth information and concept of clarification. Documentary method is the use of outside source, document to support the view point of argument of an academic work (Bailey 1995)

According to Payne & Payne(2004) documentary method are techniques used to categories, investigate, interpret and identify the limitation of physical sources, most commonly written documents, whether in private or public domain(personal papers, commercial records or state achievers, communications or legislation). Obikeze cited in Nnabugwu(2006:372) argued that the advantage of documentary method lies in the fact that it is able to gain access to organizational structures, bureaucratic discovery of unexpected phenomenon. Secondary source of data were also used in sourcing data for this research work. In the words of (Asika, 1991) secondary source data refer to a set of data gathered or authored by another person, usually data from available data archives, either in form of document or survey results and code books. Our secondary data was basically sourced from text books, internet, articles, journals, conference papers, institutional documents and also from the review of extent literature.

**3.4METHOD OF DATA ANALYSIS**

Data analysis is the process of examining data sets in other to draw conclusions about information they contain, increasingly with the aid of specialized system and software (Asika1991). Qualitative descriptive method based on content analysis was adopted in course of this research due to the nature of this research.

According to Asika(2009) Qualitative descriptive analysis is used to verbally summarizes the information gathered in this research. It also involves working with data, organizing it, breaking it into units, synthesizing it, searching for patterns, discovering what is important and what is to be learned and deciding what to tell others.(Bogden and Binklen,1982).

This study adopted content analysis method as a tool of analysis because it summarizes the information generated in this research work. It also shows the relationship between dependent and independent variables.

**Table 1: Logical Data Framework**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| S/N | RESEARCH QUESTIONS | HYPOTHESIS | MAJOR VARIABLES | EMPIRICAL INDICATORS | METHOD OF DATA COLLECTION | SOURCES OF DATA | METHOD OF DATA ANALYSIS |
| 1 | Did the failure to adequately manage oil resources contribute to recession experience in Nigeria from 2014-2017 | The failure of the state to adequately manage oil resources has contributed to recession experience in Nigeria 2014-2017 | (X)Failure to adequately manage oil resources (Y)Recession experienced in Nigeria from 2014-2017 | (1) The Country’sDependence on oil export sector(2) Years of mismanagement of public funds, natural resources, corruption and lack of transparency(1)high interest rate, increased inflation, reduced consumer confidence, reduced real wage(2)Debt crisis, depression reduced in stock prices and shrimps in the market | Qualitative method of data collection based on documentary | Secondary source of data e.g. Textbooks, Journals, Articles, Internet, Conference papers etc. | Qualitative descriptive method of analysis based on content analysis. |
| 2 | Has the Implementation of economic growth and recovery plan (ERGP) reduced the hardship caused by the economic recession in Nigeria between 2014-2017 | The Implementation of economic growth and recovery plan (ERGP) has not reduced the hardship  | (X)Implementation of Economic Growth and Recovery Plan(EGRP)(Y)Not reduced the hardship of economic recession in Nigeria between 2014-2017 | (1)Restoring growth of the economy & investing in the Nigeria people2)Building competitive economy(1)Rising unemployment, inequality and poverty2)increased inflation, reduced consumer confidence, reduced real wages | Qualitative method of data collection based on documenting  | Secondary source of data e.g. Textbooks, Journals, Articles, Conferences, Papers, Internet etc | Qualitative descriptive method of analysis based on content analysis |

**CHAPTER FOUR**

**DATA ANALYSIS/ HYPOTHESIS TESTING**

**4.1 INTRODUCTION**

This chapter sets out to empirically verify and test hypothesis one and hypothesis two which are “The Failure of the State to adequately manage oil resources has contributed to recession experience in Nigeria, 2014-2017” and “The Implementation of Economic growth and recovery plan (EGRP)has not reduced the hardship caused by economic recession in Nigeria, 2014-2017” respectively. The chapter is divided into two major sections and the other sub sections. the first is the verification of the first hypothesis,while the second section is the verification of the second hypothesis.

**4.1.0 THE FAILURE OF THE STATE TO ADEQUATELY MANAGE OIL RESOURCES IN NIGERIA FROM 2014-2017**

**4.1.1 HISTORY AND STRUCTURE OF NIGERIA’S ECONOMY**

There is nothing exceptional about Nigeria’s current economic crisis, it is simply the manifestation of years of the states dependence on revenue from the volatile commodity that crude oil; a persistently unhealthy domestic business environment, external trade stocks, willful dysfunction between fiscal and monetary policies, weak institutions and lack of diversified exports policy to boost foreign exchange earnings, what is exceptional is that Nigeria somehow managed to hold this act for this long, before the best. The fate of the Nigeria economy is indefinitely tethered to the inevitable salving oil prices given that oil remains a major export commodity in the country, most manufacturers depend on foreign exchange earnings from the oil sector to acquire spare parts, procure machines and expand capacity.

Prior to the civil war, Nigeria was an agrarian economy, a regional system ofgovernment where regions contributed a percentage of resources to the parliamentary central government where regional government despite relying on external donations for project were sustainable; they allhad recurrent surpluses (based on internal revenues) to cover their recurrent expenditure this meant that there was no much occurrence as being witnessed today, where 27 of 36 states struggled to pay salaries on drastic drop in federation Account Allocation Committee(FAAC)disbursements, the regions were a creation of unitary system of government in 1966, in that year, the federation ran a surplus budget of E18 million with the federal government and the northern region spent almost all its entire coffers. The western region spent almost all its entire revenue on recurrent expenditures, a bill whether of inexpensive social policy that prioritized education and health programs. The fiscal dynamics of the periodslow an even split along economic and social project, with a focus on the building of Dams, bridges and schools. Capital expenditure also amply financed from the beginning and internally saved funds budget surpluses and transfers from the federal government.

Just less than half a decade later, in 1970, the dynamics of Nigeria’s economy changed as oil production rose to 1.08 million barrels per day, heralding a new era of crude oil driven government earnings. Despite the rise in oil production, crude oil prices at $3.407 in 1970, oil revenue was mere 26.2% of total federally collected revenue, which rose from N4.48 million in 1970 to N1.46 billion as at 1972. (Budget, 2017).

 In 1972, the start of the Arab oil crises made the prices of oil quadruple from $4, 73 in 1973 to$12.21 per barrel in 1975. By the end of 1975, it was evident that Nigeria was willing to let crude oil take the lead, with oil accounting for 77.5% of government revenue, the influence of the Lutherto insignificant hydrocarbon resource suddenly grew within a decade , as global interest in the oil sector skyrocketed(Budget2017).A strong case exists for the argument that the seed for Nigeria’s obsession with aid lasting reliance on oil started with price glut of 1973; as Arab nations shut down production, Nigeria’s sweet crude blend fast became the toast of industrialized world.

Starting out in 1960 with approximately 45 million people and an agro-based economy, Nigeria has evolved over the last 56 years into relatively service driven economy, during economic recession, Civil war, Political unrest and social challenges. About 63.5% of all economic activity in Nigeria was dominated by crop production, Animal husbandry, forestry and fishing in 1960, while manufacturing was only a fracture of the economic activity at 5%, Domestic Construction and transportation constituted the primary consumer of products from the mining’s and solid material; sectors in 1960, the oil and gas industry which many see as the driver of Nigeria’s revenue today was just a tiny (0.3%) of the economy (Budget, 2017).

**Figure 1: GDP Composition (1960)**

Throughout 1960s, the relevance of the manufacturing sector ensured it began to dedicate the pace and drive government’s policies this streak was slowed, due to subsequent substantial petroleum shortages amid massive investment in crude oil exploration and production activities in most western countries oil became profitable, and Nigeria made the shift.

By 1970, the oil and gas sector gained prominence over the manufacturing sector in terms of economic relevance and value of output, annual production touched 395.8m barrels automatically propelling the oil and gas industry to becoming the main tray of the economy.

Less than a decade later agriculture proved the next causality losing traction to crude in 1979. The oil and gas sectors contributed to GDP, was 25.5% while Agricultural sector amounted to 22% of the GDP and remains the biggest employer of labor till date.

By 80s, the Agricultural sectors contribution to GDP dropped further to 11.8% before picking up thereafter. Price correction cycles in the global crude oil market in the 1980s turned the wheels of the oil and gas sector and gas contribution to GDP free below 7%, while economic activities in the manufacturing sector constituted approximately 18.6% of GDP Nigeria has a diversified economy through with a low manufacturing base but its exports and public finance are not well diversified.

Today the oil and gas sector and the “grilling” manufacturing sectors contribution to GDP is approximately 6.36% and 10% respectively while the Agriculture sector (which was once the dominant sector in 1960s).Contributes 23.11% to all economic activity in Nigeria (Budget, 2017).

Wholesale and retail trade and thereat estate sector have evolved; their contribution to economic activity in Nigeria, amounts to 16.9% and 7.6% respectively. The financial services communications and entertainment sectors are equally significant, in terms of the collective volume of revenue and jobs they deliver.

**TABLE 2: GDP COMPOSITION**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 1985 | 1990 | 1995 | 2000 | 2005 | 2010 | 2015 |
| Agriculture | 17.81% | 21.34% | 27.29% | 21.87% | 27.09% | 23.89% | 20.86% |
| Industry (excess crude oil & Gas | 23.17% | 17.99% | 14.45% | 12.69% | 8.08% | 6.65% | 9.65% |
| Crude oil | 3.43% | 11.62% | 15.34% | 18.36% | 14.73% | 15.39% | 6.36% |
| Building and construction | 3.17% | 3.47% | 1.90% | 1.77% | 1.86% | 2.88% | 3.69% |
| Wholesale and retail trade | 9.24% | 13.87% | 18.30% | 14.79% | 16.23% | 16.47% | 19.15% |
| Services | 43.18% | 37.71% | 22.73% | 31.12% | 32.61% | 34.73% | 40.29% |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Source: CBN Statistical Bulletin

**GRAPH 2: GDP COMPOSITION (2015)**



The UN classifies Nigeria, with its estimated 188 million people as a middle- income country, one broadly diversified and increasingly become country, one broadly diversified and increasingly becoming financially sophisticated. However, international trade, credit creation, exchange rates, inflation and the associated pass through effects are skill strongly linked to revenue primarily from crude oil sales, petroleum profit tax and royalties.

**4.1.2 YEARS OF MISMANAGEMENT OF PUBLIC FUNDS NATURAL RESOURCES**

**CORRUPTION AND LACK OF TRANSPARENCY**

As oil flowed out of Nigeria soil and returned as foreign exchange into the country’s purse, in 1972, the government notably expanded its spending with the “Udoji award” named after the Jerome Udoji; commission report which led to various policies, including a rise in public servant’s salaries. Mainly on the back of oil, government revenue grew from N631mn in 1970, to N5.5bn in 1975. During this period, Nigeria’s debt also expanded significantly; from N756.4m in 1970 to 3.726bn in 1975, caused by a sudden jump in the value of imported goods and services.

The beginning of the Nigeria’s addiction to crude revenue likely went up a notch at this time, as the government’s policy thrusts were seemingly based on the assurance of continuation of the oil boom. Two things illustrate this point rather than invest earning in the diversification of export and public revenues lenders favoured a bloat in recurrent expenditure which rose from N96.3mn in 1973 to N2.73tn by the end of 1975 – 9183% increase over just two years (Budget, 2017).

Secondly, the government also created more levels and unwillingly establishing the foundations for government workers syndrome that blighter Nigeria’s civil service till date.

This increasing dependence on black gold persisted and by the time the military government prepared to hand over to civilians, federal government spending ballooned by 1968% over a five year period from 1974 levels of N2.76n to 8bn in 1978. The federal government of Nigeria used the new income to pursue a more ambitious sub-regional economic foreign policy. For instance, Nigeria provided financial assistance to its neighbors with aim of warning them off dependence of France in 1974, the stake announced it would sell oil at concessionary prices to its energy poor neighbours (Aluko, 1981).

Nevertheless, Nigeria kept up to public spending figures in tandem with public debt by 1980, total government spending topped N14.98bn in 1981 crude prices averaged $35.75 per barrel as against $14.95 per barrels per annum, from 1979 levels of 752.2 million barrels tilling the economy towards a recession (Budget, 2017). Empirical data shows that over the years, oil has continued to displace other products as a major source of revenue and export earnings for the country (See table 1 and 2)

**Table 3: Oil as percentage of total export in Nigeria 1999 – 2017**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Total Export (N)** | **Oil Export (nm)** | **Oil as a of local export** |
| 1999 | 188,969.8 | 1,169,476.9 | 98.36 |
| 2000 | 1,945,725.3 | 1,920,900.4 | 98.72 |
| 2001 | 1,867,953.9 | 1,839,945.3 | 98.50 |
| 2002 | 1,744,177.7 | 1,649,44.8 | 94.57 |
| 2003 | 3,087,953.9 | 2,993,110.0 | 96.93 |
| 2004 | 4,662,781.8 | 4,489,4722 | 97.54 |
| 2005 | 7,246,538.8 | 7,140,578.9 | 98.54 |
| 2006 | 7,324,680.6 | 7,191,088.6 | 98.54 |
| 2008 | 8,309,75.3 | 8,116,500.4 | 97.60 |
| 2009 | 10,161,190.1 | 9,913,651.1 | 97.56 |
| 2010 | 8,356,390.6 | 8,067,233.0 | 96.54 |
| 2011 | 11,035,794.5 | 10,639,417.4 | 90.41 |

Source: CBN Statistical Bulletin, Adesoji & Sotubo cited in Okoli (2015)

**Table 4: Oil Output as a Percentage of total revenue and GDP, 1961 - 2017**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Production (bm)** | **Oil total revenue** | **Oil (GDP %)** |
| 1961 | 16.80 | Nil | 0.9 |
| 1965 | 150.3 | Nil | 3.93 |
| 1970 | 395.7 | 26.3 | 9.27 |
| 1975 | 660.1 | 77.5 | 19.37 |
| 1980 | 760.1 | 81.1 | 28.48 |
| 1985 | 501.5 | 72.6 | 16.75 |
| 1990 | 660.6 | 73.3 | 37.46 |
| 1995 | 712.3 | 70.6 | 39.65 |
| 2000 | 797.9 | 83.5 | 47.72 |
| 2005 | 919.3 | 88.8 | 38.87 |
| 2009 | 759.2 | 78.7 | 37.44 |

Source; CBN Statistical Bulletin, various yearsAkinlo cited in Okoli (2015)

The 1986 oil glut resulted in a severe recession in the Nigeria economy, which contracted at a rate of 8% for the consecutive years. However, Nigeria’s rapid growth in the non- oil sector over the subsequent two decades has seen it build resilience to an oil price stock in 1980, oil accounted for nearly a quarter of total output today contributes around a tents in the after math of the two most recent oil price stock in 1997 and 2008, the economy continued to grow strongly by 2008, the government had accumulated US$22bn in excess crude account, which it was able to draw from smooth volatility in the oil sector in doing so, it will performed many other net oil export countries.

Many economic studies investigating the historic relationship between oil and prices and Nigeria GDP growth suggest that there is little significant relationship between the two. One study found that movement in oil prices account for less than 1% of the variance in GDP growth.

**4.1.3 FALL IN OIL PRICES AND SLOWED GROWTH IN NIGERIA**

1. The oil sector is not highly integrated with other sectors in the economy: oil sector workers account for less than 1% of total employment with high proportion expatriates and much of the oil supply chain based abroad. As a result of these dynamics, our analysis suggest a decrease of 1% in GVA in Nigeria oil sector would lead to just a 0.03% decrease in her sectors.
2. A negatively small proportion of oil revenue flows through to real economy: federal government spending in areas that would boost the economy (i.e. Capital expenditure welfare and public services in dwarfed by current expenditure (80% of which is paid as wages to public sector workers). Several studies have shown that there is little relationship between current expenditure by the government and economic growth.
3. Nigeria are largely unbanked: the proceeds of oil do not find their way to the real economy through the banking sector micro, small and medium sized enterprises officially contribute 14% of Nigeria GDP but account 2% of total bank lending is also minor private credit makes up 12% of GNP compared to 52% of GDP in comparable frontier economics (Nigeria Economy Watch, 2015).

**4.1.4 ECONOMIC RECESSION: HISTORICAL PERSPECTIVE**

The history of economic recession is as old as the history of humanity itself, dating back to the 3rd century. This was the period of a military anarchy also known as imperial crisis (AD 235 – 284), during which Roman Empire came close to collapse as a result of economic depression, civil crisis, invasion and diseases. The crisis culminated in the assassination of Emperor Alexander serve as by his non terror resulting in the competition his successor consequently the Emperor split into three competing states by AD 258 – 260.

The resultant effect of the foregoing was hyper- inflation in the empire, necessitating years of carriage devaluation. During the period, flat money was created to pay the salaries/bonuses of the military without accretion in the real economic activities. Also there was services disruption of Rome’s intensive internal trade channel due to the crisis, the widespread civil unrest made it longer safe for merchants to travel and the financial crisis that struck compounded the exchange with the debased currency. This produced profound changes that in many ways would foreshadow the much decentralized economic character of the coming Middle Ages.

The 14th century economic crisis stemmed more or less from the banking crisis, when the Bardi family and Peruzzi family lend Edward III of England a total of 1,500,000 gold florins which he failed to repay. The situation led to the collapse of the two family banks. During the 15th century, the Bardi family continued to operate in various European centers, playing a notable role in financing some of the early voyages of discovery to America, including those by Christopher Columbus and John Cabot (Guidi-Bruscori, 2012). Besides Edward III of England, other notable rulers were debited to the Bardi family and most of them defaulted.

The economic recession of the 17th century was as a result of a Dutch prosperous era, during which the price for the supply of bulk (from Tulip Maria or tulipormania) rose to a very high level and then suddenly collapsed. Firstly stated that at the height to tulip Maria around March 1637, one tulip bulb sold for over ten times the annual income of a trained artisan. The period was generally regarded as the first recorded speculative bubble, although, others argued that the kipper- and wipperzeit era of 1619 – 1622, when the whole of Europe experienced series of reduction in metal content or coins to finance war, was the first speculative bubble. Large economic bubbles are metaphorically referred to as tulip maria in some quotes. Tulip was different from other flowers due to its attractive petal colour, hence, it popularity began to spread to other parts of Europe. The emergence of non- peril tulip as a status symbol during the period coincides with rise of newly independent Holland’s trade fortunes, resulting in the rise of golden age merchant made huge profit of up to 400 percent exporting tulip to fast Indies. As a result, the tulip became attractive luxury goods and other varieties of tulip were introduced through mosaic virus (tulip breaking virus). The virus added to the beauty of the tulip, and at the same time weakened it. Production as it took longer time to produce. This led to security of tulip, resulting in a significant increase in the price of the product. This resulted in speculative trading over time.

Recession in the 18th century started with the stock price bubble of the south sea company. The south sea company was a British joint stock company, established in 1711 as a public private partnership (PPP) with the sole responsibility of reducing the cost of national debt. The company was established during Britain’s was against Spanish secession, hence there was no way it was going to make profit. This was because the company was given monopoly over South America, where Spain had greater influence. The value of the stock of the company rose principally on account of increased operations in dealing in government debt peaking in 1970 before collapsing to a little above its original floating price; this became known as the south sea bubble. The share price crash affected many people at the time and reduced the value of the national economy lobby and margin trudging.

In the 19th century, there was the post- Napolemic depression led to the passage of the Corn Laws and placed great strain on the system of poor relief inherited from Elizabeth than times. A mayor peacetime crisis was the panic of 1819 that resulted in a financial crisis on the US and general collapse of the US economy over three years.

In the US, a serious economic depression started in 1893, caused by excessive construction and faculty financing of rail contraction. The resulting effect of the crisis was the failure of so many banks, and run on gold supply. As a result of the panic, stock prices declined. Five hundred (500) banks collapsed, (5,000) business faced, and many farms ceased operation. (Timberlake et al; 1997) noted that employment rate rose significantly during this period, Pennsylvania (25 percent). New York (35 percent) and Michigan (43 percent).

In the 20th century, there was the panic of 1907 (1907 Bankers) panic or knickers bocker crisis) in the US, where the New York stock exchange (NYSC) fell by over 50 percent from the peak it attained in the previous year. The panic occurred during economic recession and resulted in several run in banks and truck companies. The panic spread to other states and local governments, and resulted in their bankruptcy. The panic was as a result of a failed attempt in October 1907 to corner the market on stock of the united copper company. The failed attempt to corner the market resulted in the crisis of confidence as there was a massive runs in the companies associated with cornering schemes and affiliates.

Preceding the great depression of 1930, was the most devastating stock crash in the US in 1929. It is the Wall Street crash of 1929 (Black Tuesday in stock market crash of 1929). The crash marked the advent of 10 years of great depression, which did not spare any of the industrialized western countries. The great depression affected both the rich and the poor countries alike, as unemployment rose across the globe, world trade declined (due mainly to protectionist policies adopted for goods and services fell.

Other crises in the century include the black Monday (October 19, 1987) where stock market around the world crashed within a short space of time, the Mexican economic crisis (1994) caused the sudden devaluation of the pewter and the Russian financial crisis (August 17, 1998) similar to that of Mexico.

In the 21st century, there was the global financial crisis (GTC), which started in 2017, caused principally by the housing bubble in the US that peaked in 2006. The complex interplay of policies that encouraged him ownership, providing easier access to loans for (lending) borrowers, overvaluation of bundled sub-prime mortgages based on the expectation that housing prices would continue to escalate triggered the crisis. Also questionable trading practices on behalf of both buyers and seller, compensation structures that prioritized short- term deal flow over long term value creation and lack of adequate capital holdings from banks and insurance companies to back the financial commitment were other reasons for the crisis has been adjudged the most severe since the great depression of 1930. The crisis resulted in the collapse of many big businesses, distressed banks, mangers and acquisition of some cases and balances in some countries (CBN, 2017).

**4.1.5 NATIONAL DEBT CRISIS, DEPRESSION, REDUCTION IN STOCK PRICES AND SHRIMPS IN MARKET**

In spite of the weak state in oil production and a mild oil price crash in 1982, the Nigeria government continued encouraging its debt profile by and large, the government prioritized agriculture and steel projects which were scattered across the country, borrowing heavily to build them foreign debt came N8.8bn in 1982, from N1.25bn in 1978, and oil revenues which rose to N12.35bn in 1981 sunk to N7.81bn in 1982. This slide presided with oil production figures plummeting in 1989, taking Nigeria down from the peak production levels enjoyed in 1979 these trends culminated in a lack of confidence in the Nigeria economy and massive capital of flight established at US $14bn between 1979 and 1983.

**GRAPH 3**



**GRAPH 4**

Source: CBN statistical Bulletin

By the mid- 1980s, Nigeria currency was presumed to be over- valued and foreign exchange reserves lay in a relatively weak position. The country began to ratio foreign exchange, and placed a series of tariffs on imported materials. General Buhari’s government put up tight restrictions on currency control but this did not stop a slump in the economy.

General Ibrahim Babangida seized power via a military coup and the presumption was this government had the opportunity to confront Nigeria’s worsening economic re4alities using a more open pragmatic approach. However, oil prices no reduced in 1986, reducing by 46.36%, from an average of $92 per barrel in 1985, to $14.44 per barrel in 1986 under Babangida, Nigeria adopted measures that include the structural and levels of corruption, poor economic advisers and unrestrained inflation due to poor monetary policies deprived Nigeria of tangible infrastructure and social development, as well as other gains that should ordinarily come with oil production. Dual exchange rates created colossal rent seeking with many cronies of the ruling buying forex at the official rate and reselling at four times the value in the black market corruption became institutionalized as soon as general Abacha announced himself commander-in-chief to sound of material music, he brought all controversial privatization programs of the Babangida government to a halt. Abacha reduced the inflation rate of 57.165% inherited from Babangida administration to 9.96% between 1993 and 1998.

However, General Abacha presided over the illegal transfer of foreign reserves and his human right record gradually turned Nigeria into a pariah with a collapsing economy were rising costs of business shrank the manufacturing components of the country revenue base.

Oil Nigeria’s commodity was period under Abacha at an average of $17.39 per barrel, yet the country became a perpetual importer of petroleum products as all her refineries packed up.Abacha’s death led to the end of military rule and Olusegun Obasnjo was elected president amid revenue and production , weak public revenue, patchy reserves and huge external debt servicing costs through the prices of Brent averaged $17.9 per barrel , Obasanjo however confronted the coming crisis of external debt and successful negotiated a relief package with Paris club of creditors, leading Nigeria to make a payment of $12 billion, note worthy is that Obasanjo’s government enjoyed an uptake on oil pricing, as well as series of monetary and Fiscal reforms growing to hit $45bn in 2006, However, civil unrest in Niger Delta and post 2007 election violence created in oil production dropping from a peak of 918.96 million barrel in 2008. The consequences on the treasury were further exacerbated when Brent Crude prices.

The presence of Fiscal buffers such as the excess crude account helped the government weather the storm, but a sharp rise in oil prices in 2010 speedily brought the economy to greater viability successive President Goodluck Jonathan’s government also witnessed relative oil price growth as the hydrocarbon sold at $100 for over 42 months.

The hall mark of all government since Nigeria’s return to democracy was that though the economy grew above 5% endemic corruption (mostly through contracts and oil subsidies) meant property eluded the vast majority of the population.

In 2016, under current president Muhammadu Buhari, Nigeria’s economy tipped into recession, largely due to oil price slumps and trailing off of production. Despite recent reports that Nigeria is out of recession, the country’s economy continues to suffer from its vulnerability to oil pricing production savings and endemic corruption as poor visioning that continually subvert sits potential to uplift the living standards of its citizens.

**4.1.5 UNEMPLOYMENT AND POVERTY IN NIGERIA 2014-2017**

Unemployment and poverty are both reflection and precipitants of plethora of contemporary societal challenges such as leadership, security governance, etc that are inimical to human social existence (for engendering adequate human capacity building and material utilization).

Globally(Oduwole,2015), The International labour organization (ILO) defines the unemployed as numbers of the economically active population who are without work but available for seeking work, including people who have lost their jobs and those who have voluntarily lost their work(world Bank,1998:63). Unemployment in Nigeria is defined as the proportion of labour force that was available for work but did not work in the week preceding the survey period for at least 39 hours. Official Figures from Bureau of Statistics puts the figures of unemployed at 19.70 percent, about 30 million but this figure did not include about 40 million other Nigeria youths captured in World Bank statistics in 2010. By implication, it means that if Nigeria’s population is 160 million plus, then 50 percent or more of Nigerians are unemployed (Njoku, Okezie, 2011).

Unemployment is considered to be a barrier to social progress and the reason to prevent it unbearable consequences on poverty made the battle of unemployment challenges a great effort in the development objective of the emerging economies (Aiyedognon and Ohuofia 2012). According to Akinmulegun(2014), unemployment is regarded as the root of poverty in Nigeria, He argued that unemployment is quite huge deposit the human and material resources that could generate employment for Nigeria, like oil boom earnings, quick revenues to government and foreign reserve increase. The youth unemployment sustenance in Nigeria is ignited with unfavorable and defective economic policies coupled with great and hostile implication of corruption on the nation economy which also acted as a deterrent to employment generation, there is high exchange rate, unaffordable interest rate and very unfortunate infrastructures reducing private sector capability to employ ( Nwagwu, 2014).

An economic recession is constituent with an increase in unemployment as jobs are lost and new jobs created are stalled, a return to economic growth provides an impetus to employment. However growth may lag and unemployment rates worsen especially at the end of a recession and for many months after, (National Bureau of Statistics, 2017). The unemployment rate induced by a recession typically peaks 15-18 months after the beginning of a recession or 4-8 months after the end of recession before it returns to its pre-recession trend. This, in the case of Nigeria will be a peak in 2018, the length of the lag depends on how stable and fast the recovery is well as in the economic sectors diving the recovery (labour or capital/technology intensive).(National Bureau of Statistics,2017).

On the other hand, poverty is lack of basic necessities, for one’s survival, poverty is an abject state of being in which an individual is incapable of utilizing resources around him to improve himself economically, socially, politically or otherwise. It could be due to lack of opportunities for education which is basic to any human development (Akasara, Enwuchola,Adekunle, Udaw,2013). Poverty could occur as a result of indolence or misinterpreted religious beliefs(Chigbo). Poverty can also be caused by “exogenous forces or forces outside an individual’s control”(Adefolabi, 1992).

Poverty reduction is the most difficult challenge most developing countries face whereon the average majority of the population is considered poor. For instance, the number of people in poverty in Nigeria increased from 22% in 1990 to 48% in 1985(Ogwumike, 2002). It declined little to 42% in1992 and sharply increased to 67% in 1996(Ogwumike, 2002). In 1999,estimate had it that more than 70% lived in poverty(Ogwumike,2002) the Nigeria poverty situation worrisome as both qualitative and quantitative measurement confirm the increasing prevalence and the extent the gravity of poverty in the country(Okunmadura,et al,2005). According to Garcia,Khol,Rifengsorn and Zistin(2006). Nigeria’s main challenges include poverty, diversifying its economy from oil and gas sector towards more labor intensive sectors and improving health and education. The oil has increased economic volatility and inflation while those living in poverty being most vulnerable to volatility and inflation, to add to it, instability of government revenues and crowding out of agriculture (which provides the source of income topoor) have made the situation worsen. The oil industry does not employ a sizable number of unskilled workers, thereby contributes little to reducing poverty, as crime and violence occasioned by poverty situation continue to increase, they often have detrimental effect on the economy, the economy, the administration of the country and national security in the country(akwara, enwuchola, Adekumle,2017).

**TABLE 5: Average Growth Profile of poverty, Unemployment and other Variables**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Year | poverty | Unemployment | Agric | Manufacturing | services | Population | Inflation |
| 1987-1991 | 44.0 | 4,6 | 4.4 | 6.9 | 8.7 | 164.3 | 27.4 |
| 1992-1996 | 54.3 | 3.0 | 2.8 | -2.8 | 3.5 | 2.9 | 51.3 |
| 1997-2006 | 67.4 | 10.2 | 4.1 | 15 | 10.7 | 2.9 | 10.2 |
| 2002-2006 | 57.4 | 13.0 | 16.6 | 9.3 | 11.5 | 3.5 | 13.6 |
| 2007-2011 | 60.0 | 18.5 | 6.2 | 8.3 | 29.1 | 3.2 | 10.8 |

Source: BSS (2010); CBN Annual Report and Statement of Account (various issues)

Conventional wisdom dictates that insecurity rise with unemployment and poverty(Kirby,2011) because unemployment leads to loss of income which affects the people’s ability to pay their bills and provide basic necessities for their households and dependent relative. It is because of the insecurity posed by unemployment that advanced countries make social security payments to the unemployed to keep them off the streets until they get jobs.(Akwara,Enwuchola, Adekunle, Udaw, 2017). The greatest threats to stability and national security in Nigeria are the large army of poor and unemployed people. Okafor (2011) stated that present graduate unemployed in Nigeria is over 50% while poverty less than $2 per day rate is experienced by 70% or life population, these have led to the general insecurity and rising crime wave in the country.

From analysis above, poverty and unemployment are social menace in Nigeria that constitutes a threat to national economy and security. (Nwagwu, 2014) observe that unemployment rate is quite huge despite the human and material resources that could generate employment for Nigeria, like oil boom earnings, quick revenues to government and foreign reserve increase.

**4.1.6 THE CAUSES OF ECONOMIC RECESSION**

Recession can caused by two broad factors internal (endogenous) and the external (exogenous). The former is usually as a result of conflicts of ideas, multiplication of economic theory and regulatory negligence or policy inconsistency (CBN, 2014). The Asia financial crisis of 1007-1998 was caused partly by internal factors, banks were lending abroad in pursuit of high profit margin, due largely to slow downs at home, desire to pursue development with due consideration of economic fundamentals, corruption and structural and policy distortions(wrong,1999; Corsetti et al, 1999). Other factors were the institutions and structures instituted by the colonial masters which gave room for corruption and bad government in Nigeria, overheating of private sector and excessive investments in real estate with non-commitment returns in the same vein, the global financial crisis of 2017 and the ongoing recession was triggered by the limited states housing bubble; excessive l ending of banks into high risk subprime and adjustable rate mortgages resulted in high default rates as well as downfalls of banking sector. Defaults and losses on other categories of loans also rise considerably as crisis expanded from the housing market to other sectors of the economy. Bankruptcy of several high rated investments banks started to panic on the inter-bank loan and stock markets and eventually, the bubble busted. The resulted in the fall of global GDP, rising unemployment and economic difficulties in many parts of the world (Kamar,2012).

The external causes of recession have to do with factor that exogenesis to the economy over which policy makers have little or no control. Factors like natural disasters, climate change, revolution and wars. An agricultural economy could face crop failure resulting in general economic slowdown. Also, a mono-economy could suffer recession from international price shock for its products the neoclassical economic are of the user that interference in the market labour union, monopolises and technological shocks are external causes of recession (CBN, 2014)

To another group negative demand and supply shocks as well as deflationary macroeconomic policies are the main causes of recession, the negative demand side shocks that affect the aggregate demand work through a global economic slowdown that impacts major trading partners of a country in the case of Nigeria, when there is economic slowdown in the U.S, India and EU , it could have negative impact on the demand of Nigeria crude oil from these countries, as a result, government crude oil from these countries. As a result, government’s revenue and spending would drop, taxes will rise, and disposable income will fall adversely impacting the production of goods and services. These developments would occur culminate in economic recession (CBN 2014). Also a crash in asset prices as was the case during the GFC, credit crunch, where financial institutions reduced the amount of credit to support production of the domestic currency, which encourage import and discourage export of goods and services and causes disequilibrium in balance of trade and determination in the balance of payments positions.

Supply side shocks causes of recession result mainly from general increases in commodity prices such as crude oil, metals and non- fuel inputs food stuff prices of goods and services results because of high cost of inputs, which are usually because of high cost of inputs, which are usually transferred to the final consumers who can only afford less quantity because of high prices the lower demand for goods and services and reduces the standard of living and ultimately depress production of goods and services by firms (CBN,2014). The macroeconomic policies work more or less like the internal factors discussed above. Here, when monetary and fiscal policies are not well coordinated it result to recession during contracting growth of economic slowdown taxes ought to spend more to stimulate the economy, on the other, monetary authority ought to encourage borrowing by households and business by lowering interest rate. However, when the above policy mixes are not properly synchronized it could further stifle the economy macroeconomic policies need to complementary to achieve the desired result. Political/security factors

1. Impact of Niger-Delta militancy on oil production.
2. Income lost on approximately 800,000 barrels of oil per day for 5 months.
3. Impact of Herdsmen/ Farmers conflict on agricultural production across the country, but particularly in North Central.
4. Continuing ( through reduced) impact of Boko Haram activity on agricultural output and trade in North-East and Impact of grave internally displaced persons (IDP) situation in the region.

**4.1.7 IMPACT OF RECESSION**

A slowdown in economic activities affects all aspects of national life. A lot of election are won and lost as a result of bad economic conditions. For example, like past American President (Obama) rode to electoral victory, because of promised change to bring America out of the global economic crisis (GFC) prevailing at the time. Bank of America, Lehman Brothers and major companies in the US and other parts of the world went down as a result of the GFC . There are also a lot of mergers and acquisition (196A during the period) many jobs are usually lost families usually adjust budget during recession and in the process, social activities are also affected (CBN 2012)

 Prior to the impact of the meltdown in Nigerian, the banking sector was swimming in a pond of false confidence in the financial policies. There was a crash in the stock market. The prices of oil sky rocketed and left financial homes depressed with the fear of I pending crunch. The crash affected the economy it reduced the ability of the economy to fight the underlying sickness of unevenly distributed wealth, agricultural depression and banking problems with the crash, it was apparent that the Nigerian economy faces the crippling effects of global economic crisis resulting to break down and decline in economic vigor (Tinuke, 2012). Opeyemi(2002),observes that there are cases of unemployment , retrenchment, downsizing and layoffs, which served as indications to a troubled economy. According to her “what is worse is that individuals have nowhere to turn to”. Expect indulging misconduct and societal condemned activities such as militancy, armed robbery, advanced fee fraud, ritual practices for fetish money among other things and our leaders sit almost helpless. In her words, ‘There have become a wide spread of distrust in the competency of the financial sector as the question of fund availability in banks pervades the minds of right thinking Nigerians.

The economic recession has brought in its wake enormous increase in the level of unemployment. For instance, the manufacturing sector in the country is already affected by massive decline in capacity utilization resulting from high exchange rate of the naira and congestion at the ports. The crisis has compounded the challenges faced by the manufacturing sector. In 2008, Dunlop Nigeria plc the only surving tyre manufacturing company, shutdown its plants and laid off hundred of its workers and put some other on half remuneration in the textile sector about 5,000 workers were forced out of job in late 2008 the Nigeria auto assembly company, Peugeot automobile Nigerian plc (PAW) sacked 565 workers of its 753 work force and placed the remaining staff on high salary. Similarly the confectionary marker, Cadbury Nigeria PLC has fired 300 staff while in the banking sector which seemed to be worst hit; massive sacks have been carried out and it is still ongoing (Tinuke, 2012).

The international labour organization (ILO) recently revealed that as many as 51 million workers were fired in 2010 globally while 30 million jobs are at risk the United Nations, meanwhile, predicts that 200 million workers mostly in developing economics could be pushed into extreme poverty the global unemployment rate is estimated at 7.5% in 2012, up from 6.5% in 2009 and 6.7% in 2008. This implies that the global economic recession is already resulting in a dramatic increase in the number of people joining the labour market and swelling the rank of the unemployed, creating a labour market epidermic “Downsizing was also a result of recession”.

Again there has been decrease in all revenue, in the first week of July 2008, Nigeria’s Bonny Light Crude sold for $146.15 but slipped to $76.24 and $57 per barrel at the middle of October and November 2008 respectively and Light Sweet Crude oil $47.78 on 3rd December 2008. This represents a dip of about 69.83%. Durindling revenue affect budgelary performance and allocates to sub sector because of the country’s monoculture economy and their invariably leads to possible delay on the discharge of government’s responbilities in recurrent expenditures.

The negative effect between economic recession and fertility as well as marriages has also been noted historical studies related to the 19th and first half of the 20th century (e.g Lee 1990 Van Bavel, 2001 for Belgium; Tule 1996 Testelbaum 1984 and Tzanatos and Simons 1989 for greater foritaim Bengtsson et al 2004 for the eurasion region). Economic recessions have also been found to contribute to a temporal fertility decline in the developing world, including Sub-Saharan Africa (for example Ecoundou Eyegue et al 2000 for Cameron). Recessions commonly lead to a postponement of child bearing, which is often later compensated during the times of economic prosperity. Rindfuss et al (1998:87) pointed that “Fertility delay in the west is a time honored normatively approved response to harsh economic conditions”

Parents who have a regular means of livelihood like civil servant, renown traders, artisans and craftsmen have to refuse their children from going to hawk because of it ugly consequences which are either social, academic, or psychological with economic recession in Nigeria some of these parents, particularly the civil servants who are owed months salaries (ANON, 2016) have no choice but to send their children/wards to the streets to hawk some goods to make money to help the family,especially in feeding having closed their eyes to negative effect.

Apel (2009) enumerated the effects of street hawking on students when he wrote that apart from denying children basic education, hawking by a secondary school students exposes them to physical damage such as road accidents, exposure to communicable diseases, environmental pollutants, poor academic performance, psychological problems like smoking, unwanted pregnancies, prostitution, low school enrollment and other vices. The high rate of indiscipline, drug abuse prostitution stealing going on in the society can be attributed to the biting effects of hardship (Crossom, 2008;Onwujulike, 2007 & Hughes 2009).

The effects of high indebtedness to external contractor’s pension payment might become a huge source of worry because of the dividing finances to meet up with financial obligation of recurrent expenditure. There is also increase restiveness on the part of the labor Unions and sometimes increase in industrial actions.

Empirical data further shows that over the years, oil has continued to displace other products as a major source of revenue and export earnings for the country based on the analysis above, we upheld our hypothesis one and conclude that the failure of the state to adequately mange oil resources contributed to recession experience in Nigeria from 2014

**4.2 IMPLEMENTATION OF ECONOMIC GROWTH AND RECOVERY PLAN (ERGP)**

The economic growth and recovery plans aims to achieve sustained inclusive growth, driven by the following principles: Focus on taking constraints to growth; leveraging the power of the private sector; promoting nations cohesion and social inclusion allowing markets to function and upholding core values in Nigeria constitution.

This section sets out to test hypothesis two (2) which is the implementation of economic growth and recovery plan (ERGP) has not reduced the hardship of economic recession between 2014-2017. It also examined the link between variable (x) and (y) in Nigeria. This section is made up of number of sub-section in other to buttress our points this section tries to explain the three broad strategic objectives of the ERGP.

**4.2.1ECONOMIC GROWTH AND RECOVERY PLAN (ERGP)**

 Government is keen to improve the resilience of the economy and make it less vulnerable to external shocks through a reduction in its dependence on the oil sector and better implementation of government policies. The economy’s over dependence on crude oil has simplified the gravity of the recession that had its origin mainly from adverse developments in international crude oil market. In response to the need to lay a solid foundation for the economy to emerge out of the recession and restore economic growth. The government of president Muhammadu Buhari on the 7th of march 2017 released the economic recovery and growth plan (ERGP) a medium term plan (2017-2020) which builds on strategic implementation plan (SIP) earlier developed for the 2016 budget (OCE,2017).

The three broad strategic objective of the ERGP are to:

1. Restore growth through macroeconomic stability and economic diversification.
2. Build a globally competitive economy through investment in fracture, improvement in business environment and promotion of digital led growth and
3. Invest in Nigeria people through programs on social inclusion, job creation, youth empowerment and improved human capital.

Either plans have delivered limited result to authorities hope to improve the performance of the current plan by introducing a set of six important features.

1. A strong political commitment with a focus on implementation is reflected in the establishment of a delivery unit in the presidency and monitoring and evaluation exercise conducted by the ministry of budget and national planning (MBNP).
2. Pursuit of some initiative such as raising oil production to 7.5mbd by 2020 prioritization of selected public assets revamping the refineries and environmental restoration in the Niger delta.\
3. Incorporation of previous plans like national industrial resolution plan (NIRP) and national integration infrastructure master plan.
4. Proposed support for the private sector to become the regime of national growth and development and the application of science and technologies.
5. The merger of budget and planning will ensure budget are properly aligned with planning for effective implementation.
6. Collaboration with state governments for common goals and coordination.

Since it announcement the 140 page plan has generated mixed reactions many commentators and reviewers have understandably been interested in what the plan implies for their areas of interest. This brief aims to provide a summary of import and aspects of the plan and draw its implication to the economy.

**4.2.2 RESTORING GROWTH**

To restore growth, the focuses on achieving macroeconomic stability will be achieved by undertaking fiscal stimulus, ensuring monetary stability and improving the external balance of trade. Similarly, to achieve economic diversification, policy focus will be on the key sectors driving and enabling economic growth with particular focus on agriculture, energy and MSNP led growth in industry, manufacturing and key services by leveraging science and technology. The revival of these sectors increased investment in other sectors, increased investment in other sectors, reduced need for foreign exchange, for intermediate goods and raw materials, and greater exploits orientation will improve macroeconomic conditions restore growth in the short term and help to create jobs ans bring back structural change.

There are three possible scenario for the Nigeria economy going forward, each of which has different implications for the goals of early economic recovery, creating jobs and hosting inclusive and sustainable growth.

1. Do nothing: The federal government under stakes no macroeconomic or structural reforms and continue to conduct business as usual in the hope that oil price recover. Given the high direct and indirect effect of oil prices on the current economic structure and the face that they are likely to remain low, the economy would continue to contract in the short term growth would be close to zero by zero net job growth would remain weak and unemployment would rise from an estimates 14.2% at the end of 2016 to 31.3% by 2020. Poverty would remain high, increasing from the current rate of 61% to 65.70% in 2020 income percent per capita would decline as total GDP stays relatively flat while the population grows.
2. Introduce basic macroeconomic reforms: The federal government introduces some basic reforms to clarify the monetary policy scarce and improve fiscal and external balances it does not undertake structural reforms. This implies that the structure of the economy would remain largely dependent on the oil sector the reform would encourage a modest short term recovery and real GDP growth of approximately 3.8% by 2020. The scenario would create about 3 million jobs but unemployment rates would increase to 25% by 2020 as the pace of job creation would not be high enough to meet the rising number of youth entering the labor force each year. Poverty rate would remain constant but population growth would increase the number of people living below poverty line.
3. Implement of ERGP: The federal government implement macroeconomic and structural reforms and the bold initiative substantially increasing public and private investment, prioritizing support for sectors with comparative and competitive advantages, tackling obstacle in doing business, providing high- quality in fracture and promoting social inclusion. The economy would recover strongly and GDP growth would reach 7%, driven by strong non-oil sector growth (7.28% in 2020) and steady expansion of the agriculture manufacturing and services sectors. Approximately 15 million net jobs would be created and poverty would decline from 61% to 50-55% by 2020.

**TABLE 6: THREE GROWTH SCENARIO**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Scenario 1 Do Nothing | 2017 | 2018 | 2019 | 2020 |
| GDP growth(%) | -0.5 | 0.1 | 0.6 | -0.5 |
| Per capital GDP(USD) | 1,315 | 1,935 | 2,532 | 2,517 |
| Unemployment % | 19.2 | 23.7 | 26.17 | 31.30 |
| Net Job Creation(million) | ---- | ----- | ----- | ----- |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Scenario 2: introduce basic macroeconomic reform | 2017 | 2018 | 2019 | 2020 |
| GDP growth (in %) | 0.6 | 1.6 | 3.2 | 3.8 |
| Per capital GDP (USD) | 1,634 | 2,138 | 2,673 | 2,764 |
| Unemployment % | 18.5 | 21.3 | 23.9 | 25.0 |
| Net job creation (million) | 0.5 | 1.1 | 1.1 | 1.3 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Scenario 3: Implement the ERGP | 2017 | 2018 | 2019 | 2020 |
| GDP growth (in %) | 2.2 | 4.8 | 4.5 | 7.0 |
| Per Capital GDP (USD) | 2,542 | 2,640 | 2,731 | 2,854 |
| Unemployment % | 16.32 | 14.51 | 12.90 | 11.23 |
| Net job creation (million) | 1.5 | 3.8 | 4.3 | 5.1 |

Source: MBNP and NBS

Scenario 3 is the only option if Nigeria is to restore its economy to a path of sustainable and inclusive growth. Create sufficient jobs to reduce unemployment and poverty, improve social inclusion, and remain on course to achieve international development targets, such as the UN SOGS. (MBNP, 2017)

**4.2.3 INVESTING IN OUR PEOPLE**

 Economic growth is beneficial for society when it creates opportunities and provides support to be vulnerable. The ERGP will invest in the Nigeria people by increasing social inclusion, creating jobs and improving the human capital base of the economy.

1. Social inclusion: The federal government will continue to provide support for the poorest and most vulnerable members of the society by investing in social programs and providing social amenities. Targeted programs will reduce regional inequalities, especially in north east and Niger Delta.
2. Job Creation and Youth Empowerment: Intervention to create jobs are a core part of the ERGP which seeks to reduce unemployment and under-employment, especially among the youth, the ERGP accordable priorities Job creation through the adoption of a jobs and skills programs for Nigeria including depriving existing N- power programs and launching other public works programmer be partnership with the private sector and sub-national government for job creation will also focus the policies required to support growth and diversification of the economy by placing emphasis on made-in-Nigeria, public procurement which takes account of local content and labor intensive production processes initiatives under job creation would prioritize youth as beneficiaries. Accordily all capacity building and skills acquisition interventions will be targeted at youth dominated sectors such as ICT, creative industries and services. Furthermore, concerted efforts will be made to encourage youth to venture into other labor intensive sectors such as agriculture and construction.
3. Improved human capital: The federal government will invest in health and education to fill the skill gap in the economy, and meet the international target set under the UN’s sustainable development goals (SDG) the ERGP will improve the accessibility, affordability and equality of health care and expand coverage of health of the national health insurances scheme across the entire country. It will also guarantee access to basic education for all, improve the quality of secondary and tertiary education and encourage students to enroll in science and technology courses.

**4.2.4 BUILDING A GLOBALLY COMPETITIVE ECONOMY**

 Restoring Nigeria’s economic growth and laying the foundations for long term development requires a dynamic, agile plurate sector that can innovate and respond to global opportunities. The ERGP aims to tackle the obstacles hindering the competitiveness of Nigeria business notably poor or non-existent infrastructural facilities and difficult business environment. It will increase competitiveness by investing in infrastructure and improving the business environment.

1. Investing in infrastructure: The ERGP emphasizes investment in infrastructure, especially in power, roads, rails, ports and broadband net works. It builds on ongoing projects and identifies new ones to be implemented by 2020 to improve the national infrastructure backbone. Given the large capital layout required to address the massive infrastructure deficit in the country, the private sector is expected to play a key role in providing critical infrastructure, either directly or in collaboration with the government under public private partnership (PPP) arrangements.
2. Improving the business environments: Nigeria’s difficult and often opaque business environment add to the cost of doing business and is disincentive to domestic and foreign investors alike. Regulatory requirements must be more than transparent, processing times must be faster. The overall economy must be more business friendly. ERGP will build on the efforts of the presidential enabling Business Environment council (PEBEC) and track progress using the metrics of the world bankers. Doing business report the target is to achieve a top 100 ranking in the World Banks Doing Business index by 2020

**TABLE 6: NIGERIA ECONOMIC RECOVERY AND GROWTH PLAN PROJECTION**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Growth scenario | 2017 | 2018 | 2019 | 2020 |
| GDP growth (%) | 2.2 | 4.8 | 4.5 | 7.0 |
| Oil production (mbpd) | 2.2 | 2.3 | 2.4 | 2.5 |
| Oil price benchmark(USD) | 42.5 | 45 | 50 | 52 |
| Inflation (%) | 15.7 | !2.4 | 13.4 | 9.9 |
| Per Capital GDP (USD) | 2,542 | 2,640 | 2,731 | 2,854 |
| Unemployment (%) | 16.32 | 14.51 | 12.90 | 11.23 |
| Net job creation (million) | 1.5 | 3.8 | 4.3 | 5.1 |

Poverty rate decline from 50-55% by 2020

**4.2.5 RISKS TO ECONOMIC OUTLOOK**

 Nigeria’s economic recovery in the short term is highly dependent on recovery of the oil sector, both directly through spill over (especially through foreign exchange availability) on non- oil sectors and revenues for all tiers of government. Oil production (projected at 2.1 mbpd in 2017 by the world bank) susceptible to downside risks, including from unrest in the Niger Delta, which is not yet fully stabilized and from barrier to implementation of joint ventures cash call arrangements. Any shocks to global oil prices or prices on domestic production can derail the fragile economic recovery.

 In the essence of a foreign exchange regime that promotes a predictable in flow of foreign exchange, government’s foreign reserves articulate the main source of foreign exchange to the economy. The CBN has used the rising reserves (which grew from USD 23.9 billion at end October 2016, to $25.8 billion at end December and then to $29.6 billion at end February 2017) to pump considerable volumes of foreign exchange into the market. However this method of improving liquidity is not sustainable long term strategy as relies on favorable external conditions. Further policy adjustments, exchange restriction and improving the transparency and functioning of the interbank.

 The budget remains dependent on oil revenues; significant revenue short falls would lower government capital spending as well as consumption. This would jeopardize important development spending including for the ERGP. The government needs to continue its efforts to improve non-oil revenue by complimenting tax administration initiations with selected tax policy reforms.

Incomplete implementation of the structure reforms outlined in the ERGP would affect the ability of the government to set the economy on the path of sustained and inclusive growth over the medium to long term. Therefore the government must begin to vigorously implementing the reforms contained in the ERGP to ease the constraints on the non-oil sector which is expected to drive growth over the medium to long term, starting with identified high impact quick wins. The data provided in this chapter shows that the failure of the state to adequately manage oil resources has contributed to economic recession in Nigeria from 2014-2017. This section has that the implementation of economic growth and recovery plan (EGRP) has not reduced the hardship caused by economic recession in Nigeria from 2014-2017. Therefore based on the analysis we upheld our hypotheses two.

**CHAPTER FIVE**

**SUMMARY CONCLUSION AND RECOMMENDATION**

**5.1 SUMMARY**

The study set to investigate the state and management of economic recession in Nigeria, 2014-2017. In other to achieve the objective of this study, this study utilized the quantitative method of data collection based on analysis of documentaries. The following research questions were raised.

1. Did the failure to adequately manage oil resources contribute to recession experience in Nigeria 2014-2017?
2. Has the Implementation of Economic Growth and Recovery plan (EGRP) reduced the hardship caused by economic recession in Nigeria between 2014-2017?

The study also tried to fill the gap in extent literature by verifying the following hypothesis

1. The failure of the state to adequately manage oil resources has contributed to recession experienced in Nigeria from 2014-2017
2. The Implementation of Economic Growth and Recovery Plan (EGRP) has not reduced the hardship of economic recession in Nigeria between 2014-2017

The research work was predicted on the rentier state theory. A rentier state is used to classify those states that earned all or substantial portion of revenues from rent paid by external clients and which creates in the same process a rentier mentality and a rentier class in these states. In applying this theory, the rentier character of the applying this theory, the rentier character of the Nigeria state is seen in it’s over dependence in crude oil as the major source of revenue for the country and formulation of policies that are influenced and determined by the dynamic in the oil sector.

The study has five chapters; Chapter one contains background to the study, statement of problem, objectives of the study, significance of the study; Chapter two is the literature review; Chapter three contains theoretical framework and methodology; Chapter four is data analysis and hypothesis testing while Chapter five is the summary, conclusion and recommendation.

The failure of the state to adequately manage oil resources contribute to recession experience in Nigeria 2014-2017. The Nigeria economy contracted due to global pipeline vandalism and depletion of foreign reserves by the previous governments. Nigeria recession was triggered by a sharp drop in government revenues and/or a drop in a consumer spending. A drop in global oil prices(which Nigeria cannot control), triggered a drop in revenue and government spending due to Nigerian not being able to earn what is used to earn before the drop. The monoproduct economy structure, heavy dependence and inability of the state to adequately manage oil resources are the root causes of economic recession in Nigeria

The implantation of Economic Growth and Recovery Plan (EGRP) has not reduced hardship in Nigeria from 2014-2017. Since its announcement, the 140 page plan and it three broad objective of the EGRP which include; I] restoring growth,ii] building a global comparative economy,iii] investment in the people. The earlier plans have delivered limited result as Ogunmike(2002) estimated that 70% of Nigeria’s lived in poverty. The unemployment rate increased from 14.2% in Q4 2016 to 16.28% in Q2 2017 and 18.8% in Q3 2017 total unemployment andemployment combined increased from37.2% in the previous Quarter to 40.0% in Q3 2017.(NBS, 2017)

**5.2 CONCLUSION**

Finding the role of the section was carried out in economic recession in Nigeria from 2014-2017. It is established that the role of the state in managing economic recession has produced limited results and have not been able to restore the economy from its present crisis. An available statistical fact on poverty in Nigeria as cited in Oladeji,(2011) indicates the following, inter-alia

1. 35% of population lives in extreme poverty
2. 34% are poor in relative terms
3. Almost 52% live on less than a dollar day
4. Poverty incidence is highest in North EastZone (63%), followed by North West (62.9%) North Central (62.3%), South-South (51.1%), South West (42%) and South East (34.3%)
5. About 63% of people living in the rural areas are people living in the rural areas are poor, compared with 42% in urban area (National planning Commission); Nigeria Millennium Development goals 2006 report)

The foregoing statistical information or impressions, rather are not more than mere imagination or impressions, rather they have been generated by some scientific procedure using some measures of poverty (Oduwole, 2015).

The Nigerian economy is faced with sharp decline in savings and investments; decline in the stock market activities as some investors have withdrawal their funds from the stock market due to high risks and uncertainties there is also increase in the crime rates as life gets harder for a greater number of the population (the poor), living condition are getting worse, crime rates have escalated; increase in robberies, petty stealing, street hawking, kidnapping, child trafficking, fraudulent schemes and other financial crimes. The aggregate poverty incidence continues to increase there is budget deficit in government spending difficulties due to shortage in government revenues; the governments are borrowing as an option to cover the fall in revenues. This has geometrically increases the debt burden of the federal and state government. There is high rate of inflation attributable to hike pump price of petroleum low domestic production capacity, dependence on imports a weak naira, scarcity of foreign exchange and high rates, poor electricity supply, lack of portable water, high cost of transportation and poor state of aggregate infrastructure. Statistical overview of growth rates in major sectors of the Nigerian economy show that they are either slow or negative sectoral growth rates. (Eneji, Dimis, Umejiaku, 2017

**5.3 RECOMMENDATIONS**

**Based on the findings of this paper, the following recommendations were proffered;**

1. The government at all levels should put in place and sustain fiscal and monetary programs and policies geared towards eradication of poverty and unemployment.
2. The government should shift from a mono-product economy structure, over dependence on imports and diversification of the economy.
3. The government should ensure there is job creation in the economy especially in the real sector, i.e. agriculture and manufacturing sector. The agricultural sector in Nigeria employs about 70% of the population, through mostly at the subsistence level. If the government can make loans accessible and affordable for those involved in agriculture, it will boost agricultural output, increase GDP and reduce unemployment rate in the country.
4. Banks should encourage manufacturersby reducing the present high interest rate of 22% to single digit interest rate they should also cultivate the attitude and interest if giving manufacturers long term loan as opposed to their usual preference of giving short term loan to importers leaving manufacturers with nothing.
5. Government should focus on the social factors and conditions that affect the poor’s capacity to respond to the economic recession, such as the housing scheme, electricity, water supply, employment and opportunities, health care provision, entrepreneurship, improving quality of education, pharmaceutical industry, develop iron and steel industry for local fabrication of industry tools.

If these solutions can be followed through and properly implemented, Nigeria can come out of recession.

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