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Implications of Economic Recession on Policy Implementation in Nigeria (2015-2022)

[1]Onwubiko, Obinna, [2]Amadi, Chidinma Juliet and [3]Anoruoh, Paul Uzondu

[1&2] Department of Public administration, Federal Polytechnic, Nekede, Owerri, Imo state, Nigeria

[3] Department of Banking and Finance, Federal Polytechnic, Nekede. Owerri, Imo state, Nigeria

Corresponding Author's email: obinnaonwubiko@yahoo.com

Abstract

Economic recession is a global phenomenon and Nigeria has had its own share of the experience. Though a global phenomenon, the variables that predispose national economies to recession varies. This study establishes that the existence of an oil dependent economy where the oil sector provides the bulk of the foreign exchange earning has the capacity of crystallizing in economic crisis when there is a glut in price or when the production of oil declines. It also brings to the fore that corruption has been the basic factor that provokes economic difficulty in Nigeria. Yet despite the fact that mono-cultural economy and corruption have been seen as creating economic quagmire in Nigeria, they have continued to be an integral part of Nigerian existence and have been attributed to the present economic recession in Nigeria as it was also the case in the economic recession of the 1980s. In view of the foregoing, the policy prescriptions in the 1980s when Nigeria experienced a biting recession and also the policies of the Buhari's administration to contend with recession were x-rayed. The study notes that lack of commitment and political will have been responsible for ineffective implementation of policies that would ensure the diversification of the Nigerian economy and eradication of corruption which are the causal factors of economic recession in Nigeria. The study also made recommendations that would address the problems identified and ensure that the Nigerian economy becomes stable and sustainable.

Keywords: Economic Recession, Policy Implementation, Diversification, mono-cultural economy, Depression, Corruption.

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Introduction

It is undoubted and therefore axiomatic that it is the expectation of every society to have a buoyant economy that assures the well being of its citizens. Thus, nations apply monetary and fiscal policies as well as every internal and external strategy it considers necessary in her quest to maintain the national economy on the path of economic prosperity. However, despite the efforts of nations to maintain their national economies at the optimum level, nations have had to slide down to recession at one time or the other arising from a complexity of variables which could be endogenous, exogenous or an amalgam of both. Thus, improper economic decisions and/or implementation of wrong economic policies may trigger off recession. Also, the spillover effect of the occurrences in the global economy has the propensity to engender recession on dependent economies.

Economic recession dates back in history. Babalola (2016, December 14) points out in clear terms that:

> The first recorded economic crises occurred in the 3rd century when the Roman Empire collapsed as a result of pressure brought upon by invasion, civil war, plague and economic depression. It is reported that the Roman Empire as a result of the crisis split into three comprising of the Gallic Empire, Palmyrene Empire and an Independent Roman Empire. Further down in time, further economic crises were recorded in the 14th, 17th, 18th, 19th, 20th and of late the 21st century. (p.40).

The economic crisis that engulfed the globe in the 1930s deserves to be mentioned. This crisis is regarded as the Great Depression. The economy of developed nations crashed like a pack of cards and the effect was felt by all nations. This very economic recession occurred as a result of the crashing of the American stock market. The spillover effect of the crash destroyed the economies of many nations and plunged the globe into depression. Spiegel and Wehling (1999) succinctly explains that:

> The already shaky global economy was dealt with a crushing blow when the American stock market crashed in 1929. The crash hurled first the United States and then Europe into the Great Depression, the worst economic disaster in modern times. Banks failed, the supply of capital

> dried up, investments and savings vanished and millions of workers lost their jobs. Almost overnight, international trade broke down as nations erected trade barriers to protect jobs and domestic markets. The 1930 Smoot-Hawley Tariff dramatically increased American import duties and aggravated the situation by closing off the U.S. market from industrial imports. The closing of world markets spread, further exacerbating Germany's inability to pay its war debts. Unable to get new loans from America, Germany renounced payment of war reparations, which in turn led France and Britain to default on their debts. The Great Depression exacerbated political and economic conflicts all over the world. (p.104).

Aside from the Great Depression of the 1930s, the globe has experienced other economic recessions that shook the foundations of national economies. The economic crisis of 2008 deserves to be mentioned because of the negative impact it had on trade and foreign investment. Kegley and Blanton (2001) note that:

> The current global financial system is still recovering from the massive crisis that came to a head in 2008. A myriad of economic and political factors have been cited as causing the crash, and the particulars of the crisis, especially the investment instruments themselves are bafflingly complex... though financial crises are not new to the global financial system, the current crisis has had a particularly profound impact upon the global financial order as well as the international system as a whole. First, the sheer amount of money involved is staggering - according to recent estimates, the US government alone has devoted $4.7 trillion dollars thus far, to help bail out its own financial sector, including direct financial assistance to banks, as well as selling of bonds to help increase the supply of money (Kuhnhenn 2009). As a result of the crisis worldwide FDI for 2008 decreased by 10 percent (UNCTAD 2008) and trade slid 9 percent (LA/TO 2009). In all, the IMF estimates that this crisis will cause the entire global economy to contract by 1.3 percent in 2009, the worst worldwide decrease since World War II (IMF Survey, 2009). Second, this crisis originated in the United States and much of the world... blames U.S. financial excesses for the global recession (p.436 & 438).

The fact that recession that originated in one national economy has the proclivity to spread and become a global menace makes it imperative for national governments to consciously device policy measures that have the propensity to shield their economies from being heavily affected by the shocks emanating from other economies. The developing nations need to shield themselves from the developed economies that influence the national policies of the developing societies to be structured in a way that makes the economies heavily dependent on them. As earlier pointed out, recession is not only provoked by external occurrences, but are often engendered by a combination of domestic economic policies.

Noko (2016) defines recession as "a significant decline in economic activity spread across the economy, lasting more than a few months normally visible in a real gross domestic product (GDP), real income, employment, industrial production and wholesale - retail sales". More so, Frederick (2016) also points out that "economists officially define recession as two consecutive quarters of negative growth in Gross Domestic Product (GDP)".

Economic recession is characterized by slowing down of trade and industrial activities, inflation, unemployment, low savings and investments etc. When recession persists for some years, the economic crisis is said to have become a depression. Babalola (2016, December 14) remarks that:

> A recession had many attributes that can occur simultaneously and include declines in component measures of economic activity (GDP) such as consumption; investment, government spending and net export activity. These summary measures reflect the drivers such as employment levels and skills, house hold savings rates, corporate investment decisions, interest rates, demographics and government policies. A severe (GDP down by 10%) or prolonged (three or four years) recession is referred to as an economic depression, although some argue that their causes and cures can be different. (p.40).

Economic recessions create tensions that exacerbate the economic difficulties in an economy. For developing countries, where the GDP is already low and unemployment is rife, economic recession deepens the economic quagmire of the citizens in very complex ways and makes the goal of development a far cry.

Statement of the Problem

The Nigerian State has consistently maintained a mono-cultural economy that is sustained principally by the earnings from one natural resource - crude oil. Analysts have averred that dependence on oil has the capacity of creating economic crisis in the economy once there is decline in oil revenues arising from whatsoever variable and Nigerian experience over time has validated the assertion. Despite this established fact, the Nigerian leadership has not shown commitment to diversify the economy in a way that would ensure the receipt of more earnings from other sectors. Hence, since the 1980s when Nigeria was heavily hit by recession and the mono-cultural nature of the economy was implicated as one of the causal factors, Nigerian leaders have been incapable of diversifying the economy in a way that would ensure that other sectors of the economy adequately contribute to Nigerian foreign exchange earnings.

Besides, economic profligacy and corruption were implicated as variables that interacted with the weak and single sector dependent economy to create economic difficulties in the past with special reference to the recession of the 1980s, yet the Nigerian leadership has not learnt any lesson from the past. Thus, primitive accumulation of wealth has remained rife in Nigeria, which crystallized in the failure to save for the future. Attributed to the decline in oil earnings since 2014 as well, as the failure of the leaders to save during the period of abundance smacks of poor planning. These have sparked off the urgent need to investigate why these situations have persisted and what implication recession has had on policy implementation in Nigeria.

Consequently, the following basic research questions are therefore asked:

- Why has the Nigerian leadership failed to diversify the economy so as to ensure that other sectors contribute adequately to the country's revenue earnings and so forestall economic recession?
- Why has corruption and economic profligacy continued to thrive in Nigeria despite the fact that they have long been identified as the causal factors generating and deepening the Nigerian economy crisis, which has culminated in economic recession?
- What is the effect of the policies implemented in Nigeria in resolving economic recession and vice versa how has economic recession impacted on policy implementation in Nigeria at present?

Objectives of the Study

The specific objectives of the study are:

1. To unmask the variable(s) responsible for Nigerian failure to diversity the economy and avoid the economic shocks arising from being a mono-cultural economy.
2. To x-ray the factors responsible for the persistence of corrupt practices and economic profligacy in Nigeria, which have fueled economic recession.
3. To unveil the policy packages used to combat recession in the past as well as the policies of the Buhari's administration to contend with economic recession.
4. To bring to limelight, issues and politics surrounding policy implementations and their impact on economic recession in Nigeria.
5. To make viable recommendations on how to contend with economic recession and minimize Nigerian susceptibility to it in future.

Methodology

The data used in this work was obtained from text books, newspapers, reports and Internet. To ensure consistency, the data were compared with various sources.

Theoretical Framework

This study is anchored on the Dutch disease theory. The concept of Dutch disease originated in the Netherlands in the 1960's when the revenue generated from natural gas culminated in decline in other sectors of the economy thereby having adverse consequences on the Dutch economy. Dutch Disease theory x-rays where the booming sector affects the performance of other sectors of the economy adversely. An Internet source of information entitled 'Dutch Disease' explicates that "In economics, the Dutch disease is the apparent causal relationship between the increase in the economic development of a specific sector (for example natural resource and a decline in other sectors (like manufacturing sector or agriculture)... The classic economic model describing Dutch disease was developed by the economists W. Max Gordon and J. Peter Neary in 1982. In the model, there is a non tradable sector (which includes services) and two tradable sectors: the booming sector and the lagging (or non booming) tradable sector. The booming sector is usually the extraction of natural resources... The lagging sector is usually manufacturing or agriculture".

In Nigeria as a result of the failure of the policy makers to effectively diversify the economy, reliance on the booming sector - oil sector, which provides about 95% of Nigerian foreign exchange earnings has adversely affected the growth and performance of other sectors of the economy hence the manufacturing and agricultural sectors have suffered neglect and the situation predisposes the Nigerian economy to economic shocks and eventual recession. Oloepoenia (1992) notes that:

> The effects on the rest of the economy of a boom in a resource based export sector (such as the oil sector) can be analyzed within the context of the standard Dutch Disease Model. In an economy producing both tradable and non tradable goods, a boom in the export of one of the tradable goods will affect the rest of the economy through a network of interactions (p 6).

The huge earnings from crude oil have increased corrupt practices and this has complicated the Nigerian economic difficulty and predisposed the economy to recession.

Results/Findings

Economic Recession in Nigeria

The Nigerian state has had its devastating share of economic recession which puts the policy makers on the hot seat that required them to immediately proffer effective and indeed enduring solutions to the economic crisis confronting the nation. Aside from the current economic recession in Nigeria which may be traced to the collapse of oil export prices in 2014 and the failure of the Nigerian government to save for the rainy day, one may cast one's mind back to the experiences of the 1980's when the Nigerian economy was also in a turmoil, which prompted the Military Government of President Ibrahim Babangida to implement the neoliberal economic policies packaged under the Structural Adjustment Programme (SAP) from July 1986. Olukoshi (1993) notes that:

> An early warning of the impending industrial crisis that was to grip the Nigerian economy from the early 1980's came by way of a relatively mild depression in 1977 occasioned by a 16

> percent drop in the country's oil revenue in 1977... when therefore a dramatic drop occurred in the international price of oil in the early 1960's as a result of the glut in the world market the corresponding fall in Nigeria's oil revenue triggered an unprecedented crisis of immense dimension in the economy. (P.57-58).

In the 1980s also, experts pointed out that diversification of the Nigerian economy was imperative. This is because a mono-cultural economy, in which the exportation of crude oil is the mainstay of the economy, is prone to create economic crisis for Nigeria once there is a glut in the international market. This will inevitably crystallize in decline in oil revenues. However, despite the earlier caution, Nigerian policy makers have paid lip-service to the diversification of the economy which has made Nigeria a bad case of Dutch Disease. Dutch Disease which derives its name from the Netherlands after 1960 refers to a situation where a booming primary export fails to stimulate development for other sectors of the economy as said earlier. This was indeed the Nigerian experience as the boom in the oil sector culminated in the neglect of other sectors such as agriculture which was hitherto the mainstay of the Nigerian economy. Perkins et al (2001) states that:

> In 1973-74, the oil embargo imposed by Arab countries, followed by the activation of OPEC as an effective cartel, quadrupled the price of petroleum on world markets. In 1979-80 the price doubled again so that by the end of 1980 the terms of trade for oil exports relative to the price of imports was nearly seven times the level in 1972. In Nigeria, higher export prices generated an 'oil windfall' that added 23 percent to non mining gross domestic product in the middle 1970s and again in the early 1980s... Much of the new found revenue was squandered on wasteful projects. The second oil windfall only whetted fiscal appetites even more: from 1981 to 1984 the budget deficit averaged 12 percent of non mining GDP... Over the decade ending in 1984, Nigeria's non-oil exports fell almost 90 percent in nominal terms, a classic of extreme symptom of Dutch Disease. Agriculture suffered worst... It can be argued that Nigeria might have been better off without its oil boom. (p.649).

The implementation of the neoliberal policies such as the devaluation of the Nigerian currency through the Second Tier Foreign Exchange Market (SFEM) in September 1986 and liberalization of foreign trade, which are the policy packages under the Structural Adjustment

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Programme imposed by the Bretton Woods Institutions dealt with the Nigerian economy. These polices rather intensified the Nigerian economic difficulty as the Naira continued to slide downwards and the removal of tariff, which liberalization of foreign trade presupposed, culminated in dumping of foreign wares in the Nigerian economy. The combination of polices that Nigeria implemented impacted adversely on the domestic entrepreneurial and industrial capacities. Industries were closed down because they could not compete with the mass-produced products from the developed countries. Local production was no longer protected by any tariff. The policies which culminated in the closure of many industries ipso facto exacerbated unemployment as people lost their jobs. Olukoshi (1993) highlights that "Foreign based producers taking advantage of Nigeria's trade liberalization policy dumped all manners of goods and thus effectively undercut Nigerian manufacturers of those commodities. Not surprisingly therefore local manufacturing groups across the country complained bitterly that both the interim tariff system and its fully revised version were excessively skewed in favour of liberalization thereby penalizing local industries harshly". (p.67).

During the recession of the 1980s in Nigeria, the facts that are conspicuous are that Nigeria mismanaged its earnings during the oil boom and as well failed to make some savings; Nigeria relied on a mono-cultural economy where crude oil provided the bulk of the national foreign exchange earning without making frantic efforts to diversify the economy; and the externally imposed policy measures adopted by the government then to save the country from the economic mess had adverse consequences on the economy. The Report of the South Commission (1993) notes that:

> The setbacks of the 1980s exposed the structural weaknesses of developing countries and showed that appropriate macroeconomic policies are indispensable to provide a stable basis for day-to-day decision making... in the adjustment process of the 1980s these needed reforms were frustrated by an unbalanced international approach towards structural adjustment and by the conditionality prescribed by the international financial institutions.., the programme for stabilization and adjustment pressed upon developing countries did not provide sufficient external financial support to permit adjustment to occur and endure without choking their growth... The combination of priorities and policies aggravated the

> developing countries economic woes and social distress in a numbers of ways. (p.67)

Apart from the domestic variables, the recession of the 1980s had external dimensions arising from the Nigerian economy being a dependent one. Dependent economies are susceptible to shock from the core economies and it requires sound economic calculations to avert the spillover effect of the occurrences in the core economies. Ekpo (1991) avers that:

> "Since the Nigerian economy is dependent on the developed capitalist economies, the depressions in those countries must hit Nigeria. The current depression in the capitalist world started from the USA around 1970. It involved the European countries seriously in 1975-76 and began to affect developing economies such as Nigeria in 1980".(p.82).

The Nigerian case typifies the story of the man that has pound who is foolish and the one that has penny who is wise. Penny wise; pound foolish is an unfortunate scenario. Nigeria has evidently failed to learn from her past mistakes hence it is little wonder that even as Nigeria faces the current economic crisis, the stories and economic admonitions given by experts in the 1980s are being repeated now. The mistakes of the past are still responsible for the current economic turmoil in Nigeria. Our leaders have failed to diversify and refused to save a dime for the rainy day. Rather the savings in the excess crude account was shared by the Federal, State and Local Governments and squandered on pleasures and wasteful projects without considering the future and the possibility of the economic situation Nigerian is into now. This is an outright manifestation of lack of focus and patriotism on the part of the Nigerian leaders. The Governors prevailed on President Goodluck Jonathan to preside over the sharing of savings already made in the excess crude account which would have helped in saving Nigeria from the present hardship and pains. The Governors argued that the Federal Government had no constitutional right to save for them, rather that all funds should be shared according to the laid down format. These mistakes are what the President Muhammadu Buhari that came to power on 29th May, 2015 is contending with, which has warranted the adoption of various corrective policy measures by the administration.

An Overview of Corruption and Economic Development in Nigeria

Corruption is a phenomenon that undermines the development of a state in all dimensions. It retards social, economic and political development of any society and it presupposes deviation from the norms of the society. Corruption is actually a global phenomenon but it is glaring that the preponderance differs across nations hence while some countries have been rated very high in corruption index as it has been the case with Nigeria, others have been adjudged to be less corrupt over time. It is evident that though a global phenomenon, corruption is more prevalent in developing countries and this variable has the potency of truncating the national efforts towards development.

Oddih (2003) remarks that "Corruption is most rampant in developing societies, constituting the major agent of mistrust, instability, conflicts, decadence and underdevelopment. Nigeria right from the colonial days has found herself in the web of this cankerworm hence the protracted traits of underdevelopment that are manifested in her economic social, political and cultural institutions and structures" (p.328). This variable has always been implicated in Nigerian economic crisis which sometimes crystallized in recessions. lyare (2005) points out that "although the cankerworm of corruption is not peculiar to Nigeria, it seems to have permeated the country's social life and eaten deep into the fabrics of society" (p.27). Orluwene (2007) corroborates the foregoing hence he asserts that "despite corruption being a global phenomena, the Nigerian situation is pandemic and its upsurge is troubling and the damage done to our polity is astronomic and has defied all the necessary medicine and appears in multifarious sinister variables" (p.193). It is expedient to clarify what is meant by corruption though the concept does not lend itself to a single-line understanding.

Carl Friedrich (1989) avers in Orluwene (2007) that "corruption is a kind of behaviour which deviates from the norm actually prevalent or believed to prevail in a given context such as the political. It is deviant behaviour associated with a particular motivation or not, it is the fact that private gain was secured at public expense that matters" (p. 194). Besides, Mbaku quoted in lyare (2008) amplifies that "corruption involves behaviour which deviates from the normal duties of a public actor because of private - regarding (family, close clique) pecuniary or status gain; or which violates rules against the exercise of certain types of private - regarding influence" (p.41).

Corruption has been attributed to various causes. lyare (2008) avers that "some scholars prefer to locate it in the absence of social safety nets in the Nigerian society. The increasing cost of social services - education, health care, housing, transportation, electricity and water supply - has increased the pressure on the pockets of many" (p. 45). On the other hand Orluwene (2007) notes that "various factors have been identified as instrumental in enthroning corrupt practices. These include the weak institutions of government, a dysfunctional legal system, a culture of affluent and ostentatious living that expect much from "big men" extended family pressure, village/ethnic loyalties and competitive ethnicity" (p. 201).

To tackle the issue of corruption in Nigeria, the Independent Corrupt Practices and Other Related Oflences Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) were established by the Obasanjo's administration. The establishment of these bodies presents a vivid picture of the determination of Nigeria to fight corruption but the reality has been different. Graft and financial crimes have continued unabated. In the immediate past regime of President Goodluck Jonathan, public funds were carted away and are being recovered by the President Buhari's administration. More so, the excess crude account fund was recklessly spent without considering the future; fund meant for procurement of arms was distributed among politicians through the National Security Adviser, Col. Sambo Dasuki. The Vice President, Professor Yemi Osinbajo state's in Premium Times of Saturday 15th July 2017 that "Nigeria lost about $15 billion to fraudulent and corrupt practices in security equipment spending during the last administration of Goodluck Jonathan".

President Muhammadu Buhari's Administration and Economic Recession in Nigeria

President Buhari inherited an economy that was on the brink of crashing but which the manifestations and/or effects of the imminent crash were yet to be felt by the people. Thus, from May 29, 2015 when President Buhari took over the reins of leadership as the Nigerian President all was not well with the economy. This was the situation despite President Goodluck Jonathan administration's sophistry in presenting the Nigerian economy as an Eldorado characterized by unprecedented growth. Not minding the liberal indices that may be used to justify this stand, the truth remains that the economy was standing on shaky ground when President Buhari took over. Inflation in 2014 though in single digit- 8.5% was higher than that of the preceding year 80% and was consistently high for ten months. The implication was that the collapse of the oil export prices in 2014 instantly culminated in inflation. Corruption blossomed and was perpetrated with impunity. The huge sums of money that were being recovered from the politicians that served in the past administration and especially the arms fund which was shared under the President Jonathan's administration and the empty treasury speaks volume of the unprecedented primitive accumulation of wealth that characterized the administration. It was the attitude of these corrupt politicians who are devoid of the spirit of patriotism that contributed to the Nigerian economic quagmire. It is obvious that if Nigeria had saved the excess earnings for the future, the economy would not have been so easily invaded by recession.

Despite the high Foreign Direct Investment (FDI) said to have been reckoned during President Jonathan's administration, the Nigerian economy was said to be in need of investments and it was established that there was high infrastructural gap in Nigeria. Nwankwo (2016) remarks that:

> Long before the structural collapse of oil export prices in 2014, it had been established that Nigeria needed investments of about USD 25 billion per annum for seven to ten years to cover the huge infrastructure deficit An additional structural financing gap has arisen from the drastic drop of revenue; the estimate is that oil-related public revenue had dropped by about USD 20 billion per annum compared to the average in the pre-2014 years. This means that Nigeria's total investment deficit is not USD 25 billion per annum but USD 45 billion per annum. (p.48).

To say the least, this is not tantamount to exonerating President Buhari's administration, rather this is necessary to unmask the economy he inherited. Thus, it is expedient that the policies of the Buhari's administration should be x-rayed to ascertain the consequences of the policies of his administration in relation to solving the biting economic recession which is becoming worse with the passage of time. Relying on one of the liberal indices, it is glaring that the President Jonathan's Administration maintained a single digit inflation rate before handing over to Buhari. However, the inflation rate has since gone to two digits under President Buhari's administration and is put at 18.3% in 2016 and 17.24 as at April 2017 as against 8.5% it was in 2014 during President Jonathan's administration.

Thus, the prices of commodities have more than doubled under the present administration. This situation has affected income adversely and has indeed created misery and penury across the country. Ude and Teidi (2003) explains that:

> When prices rise, those who pay for the products whose prices have risen will have their real income reduced, that is, after paying the high prices from their nominal income they will take home less quantity of goods than before. The real income of those who do not consume the products whose prices have risen will become larger relative to the income of those who consume the products whose prices have risen. (p. 42-43)

It is imperative to point out that the worst hit are fixed income earners whose salaries remain static over time not minding the inflationary trend. The real income of this set of people diminishes as inflation rate rises since they lack the capacity to adjust or manipulate their incomes to align with the inflationary trend as businessmen would do.

On assumption of office, President Buhari embarked on economic diplomacy which took him to many countries with the intent to build ties that would engender economic development in Nigeria. His administration had to put the issue of security in a front burner as insecurity would mar the efforts of the administration to attract Foreign Direct Investment (FDI) and also impact negatively on the economy in very complex ways. The administration embarked on deregulation in the oil sector which crystallized in total removal of the oil subsidy. This situation culminated in the rise of the prices of refined petroleum products and was linked to the rise in the inflation rate. This is so because the costs of goods and services in Nigeria are tied to the prices of petroleum products.

However, as economic recession became more glaring in Nigerian, the President Buhari's administration embarked on certain choice policies to contend with the economic crisis. These economic policies include deficit budgeting/borrowing money to finance the economy, stoppage of the importation of certain goods and revival and funding of the agricultural sector. In a nutshell, the administration has deployed a range of monetary and fiscal policies in fighting the menace of economic recession in Nigeria. The three year (2016-2019) debt management strategy approved by Federal Executive Council is appraised to have the capacity to help Nigeria out of its current economic doldrums if guided by financial discipline. Omokwe (2016, October 26) remarks that:

> The new three year debt management strategy unveiled by the Federal Government and to be managed by the Debt Management Office (DMO) has capacity to promote the country's speedy economic recovery. The strategy, which runs from this year to 2019 with a marginal increase in external borrowing would increase commitment to capital projects execution. It is also a clear indication that the country's leadership is taking the right steps to move the economy out of recession and create jobs for the people... The loans are to be sourced from the World Bank, African Development Bank (ADB), Japan International Cooperation Agency and Export - Import Bank of China. (p. 14)

The past experiences of Nigeria with foreign debt is capable of engendering fear in the minds of many as the monies borrowed in the past were not appropriately utilized hence such economic decision ended up creating deeper problems for Nigeria. However, it is expected that with the much mentioned change agenda of the Buhari's administration, history will not reckon him in the same category as the past leaders that borrowed money from multilateral organizations to finance the economy who failed to utilize the loans properly. It must be pointed out that public borrowing is one of the fiscal measures that the Nigerian government has adopted in combating recession. Jhingan (2005) explains that "fiscal policy means the use of taxation, public borrowing and public expenditure by government for purposes of stabilization or development" (p.348).

To what extent public borrowing can be an effective instrument will be determined by how fast the economic recession in Nigeria comes to an end. Deficit budgeting is actually used in resolving macroeconomic problems in economies and it is considered to be appropriate in view of the present economic crisis, which Nigeria has been entrapped into. It is not ideal and does not make economic sense for a country to produce balanced or surplus budget in the face of recession. Ude and Teidi (2003) explicates that "At a given period in a nation's economic history, deficit budget may serve as the best instrument of solving a nation's macroeconomic problem. Successive Nigerian governments have always lamented deficit budgets and have always wished they were able to produce a balanced or surplus budget. The reality is that natural economic laws do not permit a backward developing economy with lopsided macroeconomic aggregates, unemployment, inflation and balance of payment deficits as well as lack of infrastructural facilities to produce a balanced or surplus budget"(p.123). Deficit budget could have adverse consequences on some economies due to some variables, hence policies are chosen in relation to the peculiar ecology of a given country. Jhingan (2005) explains that "deficit financing in underdeveloped countries is always inflationary due to lack of complementary resources. Borrowing from the public does not bring enough money to the exchequer in the absence of a properly developed capital market. Further, it is likely to raise interest rates thus affecting investment adversely" (p.351).

The implication of the foregoing seeming contradictory views is that the success of deficit budgeting as an instrument is contingent on other variables, hence nations should be sure that the predisposing factors are available before using deficit budgeting as an instrument to address macroeconomic problems. The fiscal policies adopted by the President Buhari's administration have been adjudged to be the appropriate set of policies though some analysts have criticized the combination of policies as being counter-productive. Keynes supports increased public spending during depressions as an effective recovery strategy.

Besides, some monetary policies have also been applied. Monetary policies are used to regulate money supply in an economy with the intent to achieve specific objective (s). The Nigerian government has sought to arrest the inflationary pressure with the retention of the Monetary Policy Rate (MPR) at 14 per cent. The 10 member board of the Monetary Policy Committee (MPC) all voted in support of having the 14% monetary policy rate which is the benchmark of interest rate unchanged. The MPR has been at 14% since September 2016 and has remained so even until now (May 2017). However the Senate President Senator Bukola Saraki and the Minister of Finance Dr. Kemi Adeosun have differed with the CBN on the issue of retaining the monetary policy rate at 14% and had made a case for review of the MPR. A publication of the Daily Sun Newspaper entitled CBN and High Interest Rates (2017, June 19) notes that "the CBN had at its last Monetary Policy Committee (MPC) meeting last month retained the MPR at 14 percent, which has been in place since September 2016. Also left unchanged were the Cash Reserve Ratio at 22.5 percent. Liquidity ratio at 30 percent and the asymmetric window at + 200 and - 500 basis points around the MPR"(p.15). Aderinokun and Emejo (2016) write that:

> Analysts at Time Economics noted that 'the MPC's decision to keep its major policy rates unchanged was an attempt to walk the tight rope between supporting growth and curbing inflation, and attracting foreign investors without raising domestic borrowing costs. According to them 'with inflation at 18.3 percent and the MPR at 14 percent the real interest rate was - 4.3 percent Real interest rate dropping further into negative territory would have made Nigerian assets less attractive to foreign investors. However, raising the MPR would have increased borrowing costs for local borrowers. This presented additional difficulty for the MPC as it had to balance the conflicting requirements of foreign and local investors'. Time Economics explained that 'The combination of a slowing economy and rising inflation, a condition known as stagflation put the MPC in a quandary, as any changes to the Monetary Policy Rate (MPR) intended to solve one of these problems would have exacerbated the others (p.23).

Discussion of Results:

Economic recession affects both developed and developing nations hence it is a phenomenon that knows no boundary and the causal factors are multifarious. Thus, what predisposes one country to an experience of economic recession could be quite distinct from that of another country. Hence, investigations into the occurrences of economic recession in national economies take ecological dimension. In Nigeria, this study has unveiled the fact that Nigerian dependence on the oil sector majorly for its foreign exchange earnings is prone to predispose the economy to both internal and external shocks that could trigger recession. The Nigerian economy has remained largely mono cultural because of lack of commitment and patriotism on the part of the national leaders who think less of the future of the nation but think more of themselves. The foregoing attitude of Nigerian leaders has conspicuously found expression in the spate of corruption and impunity that pervade the society.

However, corruption has remained an enigma and seemed to have defied all medications in Nigeria. Thus, despite the institutionalization of the fight against corruption through the establishment of the ICPC and EFCC, corruption has continued to trudge like a colossus. It is evident that corruption alongside economic profligacy has continued because the government has not shown determined and sustained commitment to stamp it out. Instead, the two anti-corruption institutions have been sometimes used for political purposes and vendettas. The Obasanjo's regime was accused of using the anti- corruption bodies to settle political differences and the APC led government of President Buhari has been accused by the PDP of being selective in its fight against corruption. Corruption has therefore thrived because most of the national leaders are inclined to it and there is absence of political will to stamp it out. This ugly scenario has contributed in exposing the Nigerian economy to economic recession. This is so because staggering sums of money which would have been ploughed into the economy to help it bounce back has been stashed out by corrupt politicians without considering the future of the nation.

This study shows that the mono-cultural economy and corruption are two issues that must be addressed in order to avoid exposing the Nigeria economy to further recessions. These variables gave rise to the economic recession of the 1980s and have remained the causal factors for the present economic recession ravaging Nigeria.

In the 1980's the Nigerian government under President Ibrahim Babangida implemented the Structural Adjustment Programme as conceived by the World Bank and the International Monetary Fund (IMF) which involved the devaluation of the Nigerian currency through the Second Tier Foreign Exchange Market (SFEM) and the liberalization of foreign trade. These policies geared towards fighting the recession of the 1980s had disastrous consequences on the Nigerian economy in diverse ways such as causing continuous downward slide in the value of the Naira, dumping of foreign wares in the Nigerian markets, closure of local industries, unemployment etc. In respect of the present economic recession, President Buhari's administration has mapped out policies to engender the diversification of the economy. Effort is being made to boost the agricultural sector. However, one is yet to ascertain the effectiveness of the President Buhari policies in relation to diversification as the efforts so far has not translated to any significant change. Besides, the administration has mapped out fiscal and monetary policies to contend with the economic recession ravaging the country. These include deficit budgeting borrowing and retention of the Monetary Policy Rate (MPR) at 14 percent etc. Effort is being made to attract Foreign Direct Investment by the Buhari's administration.

The three year (2016-2019) debt management strategy and deficit budgeting adopted by the Buhari's administration are measures aimed at counteracting the recession. Members of the Buhari's administration are speaking from the two sides of the mouth in relation to the efficacy of the retention of MPR at 14%. While the Central Bank of Nigeria has maintained its stand on retention of the MPR at 14 percent, the Minister of Finance, Dr. Kemi Adeosun has contrarily spoken against the retention of the MPR at 14 percent in preference for a reduction in the MPR. It is evident that the MPR has remained at 14% since September 2016. Deficit budgeting which Nigeria is using as a measure to checkmate recession is said to have the tendency of being inflationary in the absence of certain variables. It may be early to evaluate the effectiveness of the Buhari's policy measures in relation to the recession ravaging Nigeria. But the unmistakable fact is that so far Nigeria is not yet out of the woods as recession is still biting Nigerians mercilessly.

Conclusion

The Nigerian economy is bound to relapse into recession when oil production or price declines because of the dominance of the oil sector as the source of foreign exchange earnings. The oil sector accounts for 95% of Nigerian foreign exchange earnings and so a glut in the international price would deal with the Nigerian economy and this is worsen and/or complicated by the fact that corruption is rife in Nigeria. The implication of Nigerian heavy dependence on the foreign exchange earnings from the oil sector is that the economy would greatly respond to both domestic and international shocks. Thus, when production of oil is disrupted internally as the Niger Delta Militants sometimes do, the economy would instantly receive the shock and when international price of oil drops in the international scene as a result of any global occurrence, the Nigerian economy would be wounded. Once these shocks are sustained over time the economic quagmire will translate to recession. Thus, to wriggle out of the recession experience, the Nigerian policy makers must show sustained commitment to diversify the economy and also fight corruption to a standstill.

Consequently, the following suggestions are made:

- Nigerian policy makers should transcend the era of rhetoric and show genuine and sustained commitment to diversify the economy in order to forestall its proclivity to result in economic problems.

- The Nigerian leadership should institutionalize the culture of saving by making it a constitutional matter

- The anti- corruption bodies - ICPC and EFCC should enjoy more independence and also be strengthened to effectively prosecute corruption cases and recover stolen funds.

- The penalty for public officials convicted on corruption cases should be heavy enough to engender deterrence.

- Recovered funds should be spent on social safety nets which would help in protecting the people from the impact of economic recession.

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