

# Nigeria Economy and the Politics of Recession: A Critique

Iwedi Marshal, Igbaniibo Dumini Solomon

Department of Banking and Finance, Rivers State University, Port Harcourt, Nigeria  
Email: [marshaliwedi22@gmail.com](mailto:marshaliwedi22@gmail.com), [igbanibos@yahoo.com](mailto:igbanibos@yahoo.com)

**Abstract.** The current recession in Nigeria is characterized by dwindling oil revenue caused by drop in global crude oil price in the market, unfavorable and inconsistent foreign exchange regime, over-reliance on imports, high inflation rate and mass job loses. Consequently, the economic recession in Nigeria has led to the following experiences: high cost of living, fall in investment and savings; decline in the activities of stock market, increase in crime rate, high poverty incidence, budget deficit in government spending, high rate of inflation, low domestic production capacity, depreciating value of Naira, scarcity of foreign exchange and high cost of doing business in Nigeria. Furthermore the issues of high interest rates, poor electricity supply, lack of portable water, high cost of transportation and poor state of aggregate infrastructure are resultant effects of the said recession. Some indices reveal that the growth rates in major sectors of the Nigerian economy are either slow or negative. Therefore the declaration by world economics in April 2017 that Nigerian's economy has come out of recession is political and still far from the reality on ground. The indicators of sales manager index (SMI) do not reflect the true position of the Nigeria economy but rather capture the transaction and activities of the political elites who are in the position to spend foreign currency for everything. The study used the misery index (sum of inflation rates and unemployment rates), per capita income or real GDP to determine the economic well being of Nigeria. Our findings show that the average misery index for Nigeria economy for the period under review stood at 29.88% while the average real GDP for Nigeria for the reference period stood at (1.03%). We submit that the acclaim declaration by world economics is not true. We recommend a shift from a mono product economy to a diversified structural based economy driven by agriculture, mining and manufacturing.

**Keywords:** Economic recession, unemployment, inflation, economic growth, Nigeria

## 1 Introduction

The Nigerian economy slipped into recession in the second quarter of 2016 which has recorded two consecutive quarters of negative growth rate in Gross Domestic product. Available data from CBN and NBS report (2016) show that the Nigeria economy contracted by -2.06 percent in the second quarter of 2016, as a result of a contraction of -0.36 percent in the first quarter. By the fourth quarter of 2016, the economy further sank into recession with -2.24 percent and -1.03 percent in growth rate of GDP. The decline by -2.06 percent in Nigeria Gross Domestic Product (GDP) in the second quarter was 1.70 percent lower than the growth rate of -0.36 percent in the first quarter, and also 4.41 percent lower than the growth rate of 2.35 percent in the second quarter of 2015. This rapid decline in GDP growth rate deepened 2016 recession in Nigeria compared to when the Nigeria economy declined by 0.51 percent and 0.82 percent in two consecutive quarters in 1987 during the regime of Ibrahim Babangida. It is expedient to say that Economic recession is a downturn in the economy which is characterized by such symptoms like exchange rate fluctuations, rising cost of goods and services, inability of government to pay workers salaries and other allowances or to meet other financial obligations and poor performance of other macroeconomic variables which define the state of the economy at a given period (Farayibi, 2016). Similarly, the National Bureau of Economic Research defines a recession as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real gross domestic product (GDP), real income, employment, industrial production and wholesale-retail sales". The fall in GDP has to be consistent over a period of time ranging from a quarter to half a year to attract attention from stakeholders. It is imperative to state that gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country at a specific time period. Thus, gross domestic product is largely identified as the sum total of economic activities of a

nation measured over a given period of time. It is an indicator of the economic well being of any nation. This implies that GDP is used to measure the standard of living of the population of a nation.

However, what is of concern is that the current economic recession in Nigeria is not the first of its kind nor is it the last to experience, but what makes this one more worrisome is that it is coming against the backdrop of two macroeconomic problems of high unemployment rate and high inflation rate. To this end, this paper examines the politics surrendering the declarations by world economics pertaining the recession in Nigeria. The rest part of the paper is structured as follows: Section two discusses the review of literature, Section three deals with the research methodology, Section four presents the analysis and discussion of results while Section five gives the conclusions.

## **2 Literature Review**

### **2.1 Causes of Economic**

In Nigeria, it is important to state that the following are the major causes of economic recession.

#### **2.1.1 Fall in Crude Oil Price**

The recent economic recession witnessed in Nigeria under the present administration is traceable to the fall in crude oil prices in the global market. For instance, crude oil price slumped from over 100USD per barrel during past administration to less than 60USD per barrel towards the end of immediate past administration and the fall in price of crude oil continued till the present administration took oath of office on 29th May 2015. A mono-product dependent economy like Nigeria is easily influenced by this fluctuation in the global market. Based on this, the shock emanating from the fall in crude oil price leads to the inability of almost all the states of the federation to pay workers salaries while some experience delay in salary payment. In fact, banks, oil servicing companies, manufacturing firms, construction companies and other multinational firms have to lay off some staff and this worsens the unemployment situation in the country.

#### **2.1.2 Unfavorable Exchange Rate Policy**

The replacement of fixed exchange regime with the floating regime increased the foreign exchange rates in the country and led to a situation where dollars are sold at different prices in both the official market and the parallel market. With this situation on ground and considering the fact that Nigeria economy is import dependent, this activity results in high commodity prices and a fall back effect on the standard of living of Nigerian masses. (Farayibi, 2016).

#### **2.1.3 Removal of Fuel Subsidy**

Subsidy is a form of financial aid or support extended to an economic sector (institutions, business firm or individual) generally with the aim of promoting economic and social policy. Put differently, it is a form of price manipulation whereby the government fixes the price for sale to consumers and pays the retailer difference between the actual market price and the regulated or official price per litre. The removal of fuel subsidy ushered in the regime of partial deregulation in the downstream sector of the oil and gas industry in Nigeria. Though the policy was intended to remove the cabals in the petroleum industry but its effects on the economy were very severe. This is because in Nigeria everything revolves around oil, that is why each time the pump price increases, like recent time where the pump price increase from N87 to N145 per litre, this caused serious inflationary pressure in the economy.

#### **2.1.4 Late Passage and Signing of Appropriation Bill**

The present administration first two years in office, the country witnessed a delay in passage and signing of the 2016 appropriation bill into law. According to Farabiya (2016), this delay suffocates economic activities in Nigeria due to Zero-based budgeting technique adopted by the managers of the economy which has rendered ministries, departments and agencies/government parastatals (MDA's) inactive since there were no capital votes for projects implementation. The lateness in passage of the appropriation bill generated other attendant problems such as budget padding which hindered the full implementation.

#### **2.1.5 Late Formation of Cabinet**

The delay in forming the cabinet by the present administration also contributed to the economic recession experience in Nigeria in 2016. This is evident in the first eleven months of the present administration, when it was running like a sole administration against the international best practice of

forming cabinet within the first three months in office (Farabiyyi, 2016). The absence of the cabinet creates vacuum in decision chain which gave room for leakages in the economy.

### **2.1.6 Introduction and Implementation of TSA**

In an attempt to bring sanity, block loopholes, stop corruption, mop up liquidity in circulation and to consolidate all revenue accruing to Federal Government, President Buhari mandated all MDA's of the government to henceforth transfer all funds with commercial banks together with revenue accruing to Federal government to the Central Bank of Nigeria. The withdrawal of huge deposits from commercial banks stifled credit creation ability of commercial banks and general economic activities in the country. This is because Government deposits with commercial banks form a very reliable source of deposit to banks in the country. This policy of Federal Government had to stop some banks from funding projects halfway thereby stymied its full completion. The grave effect of the withdrawal of the Federal Government huge deposit from banks led to the sacking of bank workers.

## **2.2 Suspension of Amnesty Program and Stoppage of Pipeline Contracts**

In a bid to stop all bogus contracts awarded by immediate past administration to ex-Warlords in Niger Delta and the consequent bringing of sanity to the amnesty program by the Federal Government, resulted to the sabotage of the national oil assets by the militants. This action of the Federal Government coupled with fall in global crude oil price caused huge reduction in the revenues from oil and gas due to the fall in barrels available for export. A situation where crude oil production level stood at 2.2 million barrels per day during immediate past administration as against the current 600,000 to 1,000,000 barrels per day, fall in production capacity of companies, sack of more workers, tax aversion and final close down are symptoms of recession.

## **2.3 Effects of Economic Recession on Nigeria Economy**

The current economic recession in Nigeria has affected the economy in the following ways:

### **2.3.1 Loss of Jobs and Mass Unemployment**

Job loss affects the stability of families and individuals. Our status, health, self worth and well-being can drastically be affected by the loss of a job which results in depression, alcoholism and denial. In Nigeria available statistics show that 4.58 million Nigerians have become jobless since 2016, recession slipped into the economy adding 2.6 million to unemployment figures of 1.46 million recorded in Q3 of 2015 and 518,102 in Q4 of 2015. Furthermore, the NBS report reveals that the unemployed in the labor force increased by 1,158,700 persons resulting in an increase in the national unemployment rate to 13.9 percent in Q3 of 2016, from 13.3 percent in Q2, 12.1 percent in Q1 of 2016, 10.4 percent in Q4 of 2015, 9.9 percent in Q3 of 2015 and 8.2 percent in Q2 of 2015. This statistic is separated from informal sector of the economy. Further statistics shows that a total of 26.06 million Nigerians are in the Labor force in the second quarter of 2016 that were either unemployed or underemployed compared to 24.5 million in the first quarter of 2016 and 22.6 million in the fourth quarter of 2015. The NBS (2016) report revealed that 15.4 million Nigerians are currently under employed.

### **2.3.2 High Inflation Rate**

According to Asogu (1991), Inflation is a situation of rapid, persistent and unacceptably high rise in the general price level in an economy resulting in general loss of purchasing power of the currency. Onuchuku (2016) documented that the Nigeria economy is characterized by stagflation which he defined as a situation of high level of unemployment and inflation existing at the same time. Furthermore, he states that these two macroeconomic evils (Inflation and Unemployment) have intensified the level of poverty and misery in Nigeria. Consequently, available statistic from NBS report (2016) reveals that Inflation rate in Nigeria is persistently on the increase. The report shows that inflation rate rose from 17.5 percent in July, 2016 to 18.3 percent in September, 18.45 percent in November, 2016, 18.72 percent in January, 2017 and declined to 17.28 percent in February and stood at 17.26 percent in March, 2017. Despite this fall in inflation rate in March, 2017, the fall is yet to be felt by the average Nigeria masses. The Government policy on banning importation of certain essential agricultural products like Rice, Beans, and Tomatoes without considering gestation period is in error. The banning of these essential agricultural products coupled with the removal of fuel subsidy contributed to the cause of high inflation rate in Nigeria.

### **2.3.3 Increased Poverty**

Poverty is associated with the individual or family inability to acquire enough assets, income or public utilities, inadequate education and negligible health service. Put differently, people are poverty stricken when their incomes fall drastically below the common average. This means that such people cannot have what the larger society regard as the minimum. The loss of jobs is the loss of income; the cost of living has gone astronomically too high for core poor and the middle class. This current downturn has increased the number of Nigerian who are poor and the number living in deep poverty with income below half the poverty line. The aggregate poverty incidence continues to increase quality.

### **2.3.4 Unaffordable Health Care Services**

The current recession in Nigeria has affected and deprived Nigeria of the access to quality health care. Health in the country is now being paid for despite the National Health Insurance Scheme (NHIS) in place which only covers few illnesses that are non-expensive. But with the economic downturn, drugs, needles, syringes, medical equipments and other hospital consumables are now more expensive since most drugs are imported into the country hence making it very difficult for people to afford health care.

### **2.3.5 Mass Withdrawal of Pupils from Schools**

The economic downturn in Nigeria has taken a toll on the country's institutions of learning. From secondary schools to higher institutions many Nigeria parents and guardians have been forced to withdraw their wards from schools due to hike in fees charges ranging from N500,000 to N2,000,000 per session for private institutions and from N80,000 to N150,000 for public institutions. Why some private institutions insist on collecting school fees in dollars not naira. These have forced some parents and guardians to compromise the future of their children due to hardship and non-payment of salaries or irregularity in salary payment.

### **2.3.6 Slash in Workers' Salaries**

Due to the economic recession, some firms operating in Nigeria who have come under financial challenges have slashed workers' salaries by 50 percent while some withhold salaries and have reduced the quantum of investment in the country.

### **2.3.7 Slowdown in Industrial Production and Manufacturing Sector**

The manufacturing sector was one of those badly hit by the economic recession in the country. It all started when the CBN expunged 41 items from the lists of utilizers of foreign exchange, added to this is the persistent drop in the naira to dollar exchange rate. The high cost of sourcing dollar made it difficult for the firms to bring in their raw materials and those that were able to pay don't even get the dollar supplied to them until after some months. Due to the challenges the sector recorded decline in production, huge drop in patronage, as well as fall in turnover and profit margins. The manufacturing PMI declined to 41.9 percent index point in June 2016 as against 45.8 percent in the preceding month. This means that the manufacturing sector declined at a faster rate during the review period (CBN, 2016). Of the sixteen manufacturing sub sectors, fourteen recorded decline in this recessionary period. These include electrical equipment, non metallic products, furniture and fabricated metal products printing and related support activities, paper products, food, beverage and tobacco, cement, plastics and rubber products and chemical and pharmaceutical product etc. Within the period under review, many companies scaled down their production, reduced staff strength or reviewed downwards their staff salaries. For instance Erisco Foods Limited closed down its 450,000 tonnes tomato processing plant worth N4 billion and sacked 1,500 workers out of its 2,520 entire workforce and moved its operations to China. This is due to the refusal of CBN to allocate FOREX to the company for raw material importation. Similarly, Dag Motorcycles Industries Nigeria Limited, the assemblers of Bajaj tricycles and motorcycles closed down its 1,000 per day production capacity by 40 percent and terminated some of its staff.

### **2.3.8 Increased Crime Rate**

The current economic recession in Nigeria is having a multiplier effect in criminal activities. There is an upsurge in kidnap for ransom and extortion, armed robbery, cybercrime, petty stealing, street hawking, child trafficking, prostitution, fraudulent schemes, other financial crimes and general insecurity challenges.

### **2.3.9 Slowdown in Economic Activities**

Slowdown in economic activities in Nigeria is massive as a result of 2016 economic recession. Nigeria as an economy is experiencing sharp decline in savings and investment, decline in the stock market activities, as some investors have pulled out their funds from the stock market due to high risks and

uncertainties. There is budget deficit in government spending. The Federal, State and Local government budget are experiencing spending difficulties due to shortfalls in government revenues. The governments are using borrowing strategy as an option to cover for the fall in revenues. This has increased the debt burden of the Federal and State governments. There is high rate of inflation attributed to hike in pump price of petroleum, low domestic production capacity, dependence on imports, weak Naira, scarcity of FOREX and high cost of doing business in Nigeria, high interest rates, poor electricity supply, lack of portable water, high cost of transportation and poor state of infrastructure. (Eneji, Dimies and Umejaika, 2017).

### 3 Methodology

The study adopted the descriptive research method. That is the use of tables and line graphs to analyze our data. The study covers the period when Nigeria was declared to have gone into economic recession, i.e. from 2016 first quarter through 2017 first quarter. We also employed the Nigeria data on inflation rate, unemployment rates, real gross domestic product and suffering index (misery index) to assess the real impact of this recession on the Nigeria economy. These data were sourced from Central Bank of Nigeria and Nigeria Bureau of statistics statistical bulletin and quarterly report for 2016 and 2017 respectively. Consequently, this is against the indicators of sales manager index and purchase manager index used by world economies to arrive at their position in April 2017 that the Nigerian's economy has come out of recession.

### 4 Data Analysis and Interpretation

**Table 1** Nigeria economic growth

Country	Dec. 2014	Dec. 2015	Jun. 2016	Dec. 2016	2017*	2018*
Nigeria	6.3	2.7	-1.8	-1.5	0.8	2.3

\* IMF Projections

Source: CBN Financial Stability Report December, 2016

A look at Table 1 shows that the Nigeria output growth improved from -1.8 per cent recorded at first half of 2016 to -1.5 per cent at second half of 2016 though still negative despite the improvement. This is an indication that Nigerian economy is still hovering in recession.

**Table 2** Nigeria year consumer prices index/ inflation rates (Percent)

Country	2012	2013	2014	2015	2016	2017*
Nigeria	12.2	8.5	8.1	9.1	18.6	12.1

Source: CBN Financial Stability Report, 2016

In Nigeria, the inflation rate jumped from 9.1 per cent in 2015 to 18.6 per cent in 2016, due largely to exchange rate depreciation, rising energy prices and declining output. However, inflation in Nigeria was projected to moderate to 12.1 per cent in 2017 which is still very high and also double digit.

**Table 3** Nigeria's crude oil price and domestic production (mbd)

Month	Crude Oil Price (US\$/Barrel)	Domestic Production (mbd)	Crude Oil Export (mbd)
January 2016	30.16	2.15	1.70
February	31.70	2.11	1.66
March	37.76	1.66	1.47
April	41.59	1.99	1.54

May	47.01	1.68	1.23
June	48.46	1.77	1.32
July	45.25	1.65	1.20
August	46.15	1.50	1.05
September	47.43	1.75	1.30
October	50.94	1.78	1.33
Novembr	45.25	1.92	1.47
December	53.48	1.54	1.09

Source: NNPC Monthly Report, December 2016

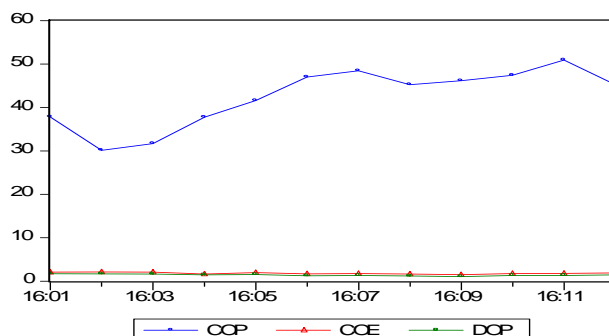


Figure 1 Trend of crude oil price domestic production and export(Source: E-view 8.0 Output)

Table 3 and figure 1 above show the trend of crude oil price domestic production and crude oil export. From January 2016 the oil price stood at 31.70USD and then increased to 47.01USD in May 2016 and later declined to 45.25USD in July and increased again to 50.96USD in October but stood at 53.48USD in December, 2016. Consequently, even with the improvement in the crude oil domestic production and the global oil price between 40US\$D 50USD per barrel and the rise in external reserves, there is no sign that all is well with Nigeria’s economy as efforts to reflate the Nigeria economy is not responding quickly.

Table 4 Inflation rate in Nigeria between 2016 March – 2017 March.

Months	Inflation Rate %
March	12.77
April	13.77
May	15.58
June	16.48
July	17.13
August	17.61
September	17.85
October	18.33
November	18.48
December	18.55
January	18.72
February	17.78
March	17.26
<b>Average</b>	<b>16.95</b>

Source: Nigeria Bureau of Statistics, March, 2017

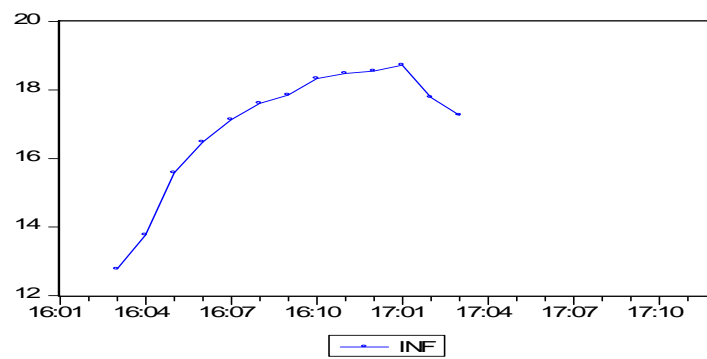


Figure 2 Trend of Nigeria monthly inflation rate(Source: E view 8.0 Output)

From table 4, the average rate of inflation in Nigeria for the period under review (from March, 2016 to March, 2017) is 16.95 percent. On a month-on-month basis, inflation rate was 12.77 percent in March, 2016 which increased to 17.61 percent in August 2016, further rose to 18.72 percent in January, 2017 but declined at a slow/sluggish pace in February, 2017 (17.78 percent) and March, 2017 (17.26 percent). The rate recorded in March 2017 is 0.52 percent lower than the rate recorded in February, 2017 (17.78 percent) on the yearly basis while on monthly basis inflation rate increased by 1.72 percent in March, 2017, 0.23 percent higher than the rate recorded in February. The increase in inflation rate in Nigeria was driven by increase in the prices of bread, cereal, meat, fish, potatoes, yam for food index while for core- sub index was seen in housing, water, electricity, solid fuels, clothing materials and other articles of clothing, liquid fuel, spirits as well as fuels and lubricant for personal transport equipment. Therefore the Nigeria monthly average inflation rates between March, 2016 to March, 2017 were still at double digits and very high.

Table 5 Quarterly unemployment rates in Nigeria 2015 – 2016

Year	Unemployment Rates (%)
2015 Q1	7.5
Q2	8.2
Q3	9.9
Q4	10.4
2016 Q1	12.1
Q2	13.3
Q3	13.9
Q4	14.0
<b>Average</b>	<b>11.16</b>

Source: Nigeria Bureau of Statistics Quarterly Report, 2016

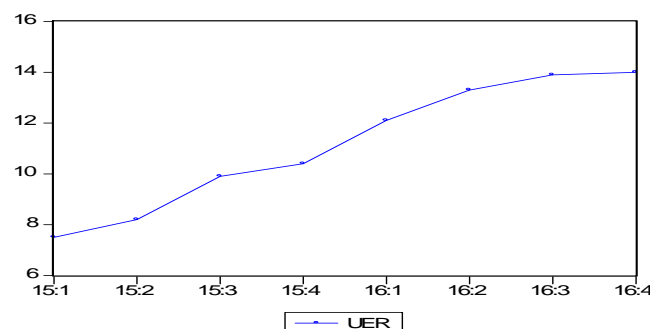


Figure 3. Trends of quarterly unemployment rates in Nigeria(Source: E-view 8.0 Output)

During the reference period, the number of unemployed in the labor force increased by 554,311 person resulting in an increase in the national unemployment rate to 14.0 percent in Q4 2016 from 13.9 percent in Q3, 13.3 in Q2, 12.1 percent in Q1 2016, 10.4 percent in Q4 2015 and 9.9 percent in Q3 2015. However, from table 5 above, the average unemployment rate in Nigeria between Q1 2015 to Q4 2016 was 11.16 percent. It is very obvious that unemployment rate in Nigeria increased from 12.1 percent in Q1 to 13.9 percent in Q3 2016. This implies that unemployment rate in Nigeria is still very high due to low capacity utilization by the industrial sector and drop in all revenue which leads to workers lay off in the economy. This evidence suggests that all is still not well with the Nigeria economy. This is because the two macroeconomic problems (Inflation and Unemployment) are at its alarming rate under the reference period. Therefore, the big question beckoning for answer is **has Nigeria economy actually come out of recession?** Of course the answer is an obvious NO, the Nigeria economy is still in recession. The following evidence and indicators further support our position.

#### 4.1 Suffering Index (Misery Index)

This index captures the economic well being of a nation (Onuchuku 2016). It is computed by summing the inflation and unemployment rates for a given period. When the index is high it shows the economy of the people is at a pitiable state/stage and vice versa.

**Table 6** Suffering index (Misery Index) and real GDP of Nigeria in quarters of 2016

Years	Misery Index (%)	Real GDP (%)
<b>2016 Q1</b>	22.53	(0.36)
Q2	28.55	(2.06)
Q3	31.43	(2.24)
Q4	32.45	(1.30)
<b>2017 Q1</b>	31.92	0.8
<b>Average</b>	29.38	(1.03)

Source: Authors computation

Table 6 above shows a clear evidence of the Nigeria economy still hovering in recession within the period under review. This is because the growth rate of Nigeria economy is already negative throughout the Quarters of 2016 and 2017 first quarter due to dwindling oil revenue, inflation induced consumption demand, increase in pipeline vandalisation and inadequate power supply among others. The average misery index of Nigeria economy stood at 29.38 percent which is an indication that the economic well being of the Nigeria masses is at its worst stage as the economy is being characterized by high unemployment rate and high inflation rate in other word called stagflation which is a result of loss of jobs, slowdown in industrial production and manufacturing and decline in oil revenues.

#### 4.2 Correlation Analysis and Descriptive Statistics

**Table 7** Correlation analysis

	MSIX	RGDP
MSIX	1.000000	-0.115147
RGDP	-0.115147	1.000000

Source: E-view 8.0 Output

Table 7 above reveals that there is a negative relationship between misery index and economic performance of Nigeria (RGDP). The correlation coefficient of misery index -0.115147 is an indication that as the nation experience contraction in GDP it increases the misery index of Nigerians. The misery index is an index used to evaluate the economic well being of any nation indigenes.



**Table 8** Descriptive statistics

	MSIX	RGDP
<b>Mean</b>	29.37600	-1.032000
<b>Median</b>	31.43000	-1.300000
<b>Maximum</b>	32.45000	0.800000
<b>Minimum</b>	22.53000	-2.240000
<b>Std. Dev.</b>	4.113706	1.264484
<b>Skewness</b>	-1.073000	0.495428
<b>Kurtosis</b>	2.560057	1.799251
<b>Jarque-Bera</b>	0.999764	0.504916
<b>Probability</b>	0.606602	0.776889
<b>Observations</b>	5	5

Source: E-view 8.0 Output

As shown in table 8, the mean value of the variables under study stood at 29.37 percent and -1.30 percent while the median stood at 31.43 percent and -1.30 percent respectively. The period with the highest misery index and highest contraction in RGDP were in Q3 of 2016 (32.45 and 2.24). The overall misery index of Nigeria shows an increasing trend over this period of study. A look at the skewness for misery index and RGDP (-1.07 and 0.5) shows that the degree of departure from symmetry of the distribution was negative and positive for misery index and RGDP. This kurtosis of  $2.56 < 3$  indicates that the degree of peakedness within the period of study was normally distributed. The nature of the distribution is platykurtic. The result of the Jarque-Bera statistics indicates that at 5 percent level of significance, the probability values of variables under study are 0.60 and 0.77 respectively.

### 4.3 2017 Budget of Recovery and Growth

The 2017 budget of Recovery and Growth is still yet to be passed by the National Assembly before its assent by the President. The budget is committed towards restoring the Nigeria economy to the path of sustainable and inclusive growth. But with the delay in passing and signing of the budget, can the current economic challenges confronting the nation at this time be properly addressed? Knowing too well that the major objectives of the Economic Recovery Plan of the Government are (1) to pull Nigeria out of recession (2) to lay the foundation of diversified, inclusive and sustainable growth and (3) investing in our people.

## 5 Conclusion and Policy Implication

The declaration by world economics that Nigeria economy has come out of recession is a political statement made to please the managers of the Nigeria economy. This is still far from the reality on ground. The indicators used by this body do not reflect the true position of the Nigeria economy but capture the transaction and activities of the political elites who are interested and in position to spend foreign currency for everything. Consequently, the true growth and economic well being of the Nigerian masses determined by suffering index (misery index), per capita income or real GDP with inclusive growth. Our findings show that the average misery index for Nigeria economy for the period under review stood at 29.88% while the average real GDP for Nigeria also stood at (1.03%) for the same period.

To address this current economic condition there should be a shift from mono product (oil) economy to a structural diversified economy driven by agriculture, mining and manufacturing with the aim of providing enough food to the teeming population and in turn generate employment. The NBS reported that Agriculture contributed 21.26% to nominal GDP during the fourth quarter of 2016 while the overall contribution to real GDP stood at 25.49% in the fourth quarter of 2016. Growth in the sector was driven by output in Crop Production, which accounted for 87% of overall nominal growth of the sector. Secondly the government should maintain their position on development of the Niger Delta region especially regarding the module refinery projects as declared by the present administration Vice

President during his peace tour of the Niger Delta region. This position of government if implemented is going to create jobs and reduce unemployment rate in the country which will have a multiplier effects of income, saving and investment thereby reflate the Nigeria economy. Thirdly, there should be a shift from selling of primary product (crude oil) to manufacturing of and selling petroleum byproducts. There are over 1000 byproducts of crude oil. What has declined is the price of crude oil and not the price of by-products. Increasing the manufacturing of by-products of petroleum will help to solve the economic challenges of dwindling revenues among others. Nigeria must, therefore, take advantage of knowledge based economy ruling the world by harnessing the economic potentials of byproducts inherent in crude oil to produce at least 20 of it. Finally, the government economic management team should be formidable with a clear cut policy direction that will drive the full implementation of the Government's Economic Recovery Plan, with which the country can return to its path of growth by last quarter of 2017 as projected by CBN and IMF.

## References

1. Agri, E.M., Mailafia, D., and Umejiaku, R.I., (2017) Impact of Economic Recession on Macroeconomic Stability and Sustainable Development in Nigeria", *Science Journal of Economics*, Volume 2017, Article ID sje-130, 12 Pages, 2017, doi: 10.7237/sje/130.
2. Asogu, J.O. (1991). An Econometric Analysis of the nature and causes of inflation in Nigeria *CBN Economic and Financial Review* 29(3).
3. Baridorn, S., (2017 January, 4) Addressing the current economic recession. The Tide newsonline, retrieved from [www.thetidenewonline.com](http://www.thetidenewonline.com) > features
4. CBN Financial Stability Report, December 2016.
5. Desan, M and Johnson, B. (2016 December, 27) 2017 Budget and Lifting Nigeria out of recession. The Guardian Nigeria Newspaper Retrieved <https://M.guardian.org>.
6. Farabiyi, A.O. (2016). Perspective on the Nigeria Economic Recession Policy Briefs Centre for Allied Research and Economic Development, Ibadan, Oyo State, Nigeria.
7. FSDH Research (2017 March) Monthly Economic and Financial Market Outlook FGN Savings Bond: Deepening the Nigerian Financial Market. Retrieved: [www.fsdhgroup.com](http://www.fsdhgroup.com)
8. Full Breakdown of 2017 Budget (2016 December, 14). Retrieved from [Punchng.com/2017](http://Punchng.com/2017) Budget Proposal.
9. Hall, R. (October 21, 2003). "The NBER Recession dating Procedure National Bureau of Economic Research", Retrieved February 29, 2008.
10. Nigeria Bureau of Statistic (2016) Gross Domestic Product Quarterly Report, 2016.
11. Nigeria Bureau of Statistic (2016) Unemployment Report Third Quarter, 1(1): 6-12.
12. Obinna, C., Olawale, G., and Orogim, G. (2017). Recession: Cost of Health Care hit the roof. Vanguard Newspaper.
13. Onuchukwu, O. (2016). War of Supremacy between Unemployment and Inflation in Nigeria: Who is the Actual Loser? An Inaugural Lecture series No, 133 Department of Economics, Faculty of Social Sciences University of Port Harcourt, Nigeria.