



## **IMPACT OF RECESSION ON ECONOMIC GROWTH IN NIGERIA**

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### **Abstract**

*This study focuses on the impact of recession on economic growth in Nigeria from 1980 to 2017. The Nigerian economy recently has been plunged into recession. This is as a result of over dependence on imports, falling prices of oil revenue, low investment inflows and high level of corruption. The study uses two multiple regression analysis of time series data on selected macroeconomic variables. The Augmented Dickey Fuller (ADF) unit root test, Johansen cointegration test and Error Correction Mechanism (ECM) were adopted and analysed. The research findings revealed negative impact of recession on economic growth in Nigeria and on the lives of Nigerians. It also brings out the deeper structural problems inherent in the Nigerian economy and proffer solutions to pull Nigeria out of the recession. This result is in line with the findings of Agri, Mailafia and Umejiaku (2017). It therefore recommends positive change on the part of Nigerian government and Nigerians in general for structural, fiscal and monetary reforms that will spur growth through government – private partnership. The study therefore concludes that Nigeria can come out of the recession a better country only if it can diversify its economy*

and avoid over-dependence on oil revenue, patronise made in Nigeria goods, be able to attract investment inflows into the economy and above all, free itself from corruption which is a hindrance to economic growth. In doing this, Nigeria can come out of the recession a better country.

*Keywords: Economic growth, recession, unemployment, structural, corruption*

## INTRODUCTION

The main thrust of this study was to discuss the impact of economic recession on economic growth of Nigeria – concepts, causes and implications on the economy. The symptoms of recession has been developing in Nigeria for a long time but became visible under the present government of President Mohammadu Burhari. This is as a result of some drastic measures initiated by his government to restructure the economy and avoid over dependence on foreign goods that flood the Nigerian market.

Every economy is affected by business cycle. Business cycle refers to the upward and downward movement of levels of gross domestic product (GDP). It refers to the period of expansions and contractions in the level of economic activities around its long – term growth trend. Recession refers to a general slowdown in the level of economic activities (business fluctuations) around its long – term growth trend for two consecutive quarters. A graphical example of business cycle showing periods of boom, recession, slump and recovery is depicted in figure 1 of this study.

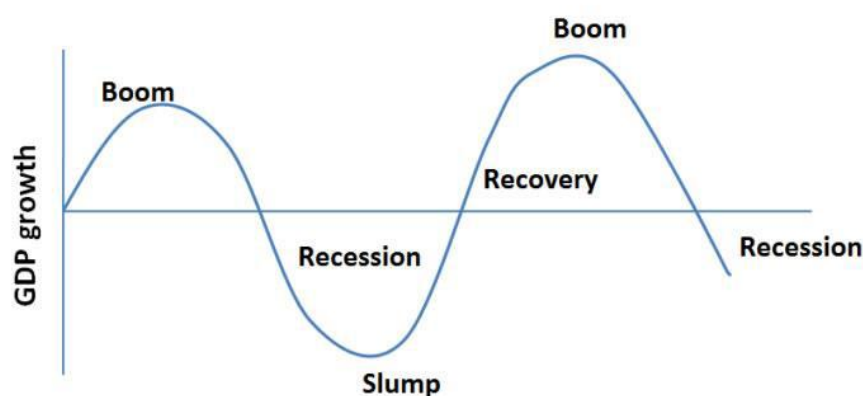


Figure 1: Graphical Example of Business cycle

These fluctuations involve shifts over time between periods of relatively rapid economic growth (boom), and periods of relative stagnation or decline (a contraction or recession) that is characterized by a decline in certain macroeconomic indicators such as GDP, employment,

investment spending, capacity utilization, household income, business income, and inflation while indebtedness illiquidity, bankruptcies and unemployment rates increase. For the purpose of this study, the researcher concerned with the impact of recession on economic growth in Nigeria. The structure of this study comprises of five (5) sections as its main parts and these includes the introduction, the review of related literature, the research methodology, the results and analysis; and finally, it concludes the discussion and brings out the recommendations.

### **Statement of the Problem**

Nigeria, a country of over 160 million people with vast natural and human resources has been over dependent on importation of all its needs over the decades. This has led to a total near collapse of the entire economic structure of the country. The present economic recession in Nigeria is a result of long – term ills in the structure of the economy that manifested itself under the present dispensation of President Mohammadu Buhari. The recession in Nigeria seems to have permeated every sector of the economy including the country's credit rating, general living condition, increases in commodity prices such as crude oil, metals and other non – fuel imputes, foodstuff prices, imports, production, employment and consumption demand in the country. These developments would culminate in economic recession and a crash in asset prices as well as liquidity crunch. Also, a mono – economy like Nigeria could suffer recession from international price shock for its product. In this case, the international price of oil which slumped from over \$100 to as low as \$45 in the international market thereby causing recession in Nigeria. This is so as the importation of petroleum products covers 30 percent of Nigeria's GDP coupled with the higher demand for foreign exchange for importation of goods in the face of dwindling oil revenue. The resultant effect is inadequate funding of the federal, state and local governments' budgets resulting to external borrowing and debt financing. These have negative implications on foreign exchange for the import of raw materials and scare food and material items, low capacity utilization, unemployment, low purchasing power and low standard of living as a result of economic recession. It goes to show that the Nigerian economy is highly influenced by external forces coupled with internal structural deficiencies working against self – reliance, which are the main causes of recession in Nigeria. It is therefore, necessary to undertake a critical study of re-examining the impact of recession on the economic growth in Nigeria.

### **Research Questions**

The study tends to provide solution to the following research questions:

1. Does recession have a significant impact on macroeconomic stability in Nigeria?
2. What is the impact of recession on sustainable development in Nigeria?

## Objective of the Study

The main objective of this study is to investigate the impact of recession on economic growth in Nigeria. The specific objectives include:

1. To investigate the impact of recession on macroeconomic stability.
2. To determine the impact of recession on sustainable development in Nigeria.

## Research Hypotheses

For the purpose of this study, the following null hypotheses were formulated:

**H0<sub>1</sub>:** Recession has no significant impact on macroeconomic stability in Nigeria.

**H0<sub>2</sub>:** There is no significant impact of recession on sustainable development in Nigeria.

## Significance of the Study

This study will educate the government of Nigeria at different levels and the general public on the impact of the ongoing economic recession. Also the research will be a contribution to the body of literature in the area of the impact of recession on the economic growth in Nigeria, thereby constituting the empirical literature for future research in the subject area.

## LITERATURE REVIEW

### Conceptual Framework

Generally in economics, a recession is a negative economic growth for two consecutive quarters. It is also a business cycle contraction which results in a general slowdown in economic activity (Merriam-Webster Online Dictionary, 2008). Macroeconomic indicators such as GDP (gross domestic product), investment spending, capacity utilization, household income, business profits, and inflation fall, while bankruptcies and the unemployment rate rise.

According to the National Bureau of Economic Research (NBER) recession is “a significant decline in economic activity spread across the macro economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production and wholesale – retail sales”.

Kamar (2012) states that recession may be triggered by financial crisis and or credit crunch, as well as demand and supply side shocks. Recession, if not controlled, can have a devastating effect on the economy as most macroeconomic indicators remain negative for a long time, usually more than two years.

## Theoretical Review

The responses to policies on recession are derived mainly from monetary and fiscal measures advocated by the Classical and Keynesian theories.

- ◆ **Classical Theory:** The Classical theory was the main body of economic theory from the 18<sup>th</sup> century until the publication of J.M. Keynes' General Theory of Employment, Interest and Money. The classical theory derived from the Say's law of market and the Quantity theory of money assumed that market forces operate in the private enterprise system automatically and that supply creates its own demand. When this is the case, competitive economy will automatically bring about full employment of resources and that unemployment is as a result of deficiency in effective demand. To the Classics, deficiencies in effective demand will result to unemployment, economic downturn and recession. The Classical theory is in line with the Mercantilist doctrine that a country should be great only by having a favourable balance of trade. This could be achieved through aggressive policies to stimulate exports, reduce imports and the accumulation of capital through trade and exchange rate manipulations (Toyo, 2000).
- ◆ **Keynesian Theory:** Keynes disagrees with the Classics on the concept of self – regulatory equilibrium theory. He focuses his theory on increasing aggregate demand through increased money supply, planned and increased spending by the government, regulation of interest rates and devaluation of the home currency. According to Keynes, unemployment is not just a short – run voluntary issue as claimed by the Classical theory, but a problem caused by ineffective demand and bad economic planning (Brenner, 2006; Bauer, 2009; UNESAP, 2009; Jackson & Victor, 2011; Markard, Raven & Truffer, 2012).

Nigeria is having economic recession alongside inflation. Macroeconomic policies in response to recession are grouped into fiscal and monetary policies. Controlling excess government borrowing, diversification of the economy reduction in imports and boosting of exports, increased domestic production, government investment in key areas of agriculture, manufacturing and infrastructure, promoting small and medium enterprise, reduction in income tax for both household and firms, and regional integration will go a long way in removing the excess pressure on the Naira and reduce the desperate search for foreign exchange. These will generate disposable income, enhance aggregate demand and raise the general economic

activities and employment which will serve as a remedy to bring the Nigerian economy out of recession.

### **Empirical Review**

Studies of various kinds have been embarked upon over the years on the impact of recession on economic growth. However, differences emerged from the results of the various scholars. The need to highlight some of these in this study is germane. For instance, Bauer (2009) linked economic recession and the global financial crisis with poverty incidence in developing countries. Agri, et al., (2017) examined the impact of economic recession on macroeconomic stability and sustainable development in Nigeria from 1980 – 2016. The Ordinary Least Square (OLS) method was adopted for data analysis. The results show negative impact of these variables on economic growth and sustainable development. The recession impacts on socioeconomic and political lives of the Nigerian people, and should be studied to find the root causes and proffer solutions for sustainable economic development. This study perceives economic recession as a symptom of deeper structural problems inherent in the Nigerian economy, and overdependence on external modern capitalist societies.

Oyewole and Olaniyi (2017) examined the business educators' perception of the impact of economic recession on Nigeria's socio economic lives. The study adopted descriptive survey design. A five point rating scale items structured questionnaire was used for data collection. The research findings showed that the economic recession highly affected Nigeria's socio-economic lives.

Shido-Ikwu (2017) analysed the main reasons for the emergence of the current economic recession in Nigeria. The study gives a theoretical exposition of how government policies can potentially curb the recession and enhance better economic well-being of the Nigerian populace. The research findings indicate that the main causes for the emergence of the economic recession in Nigeria can be grouped under three main factors: legacy factors, policy factors and political/security factors.

Awujola and Ejezie (2015) examined the impact of Global economic recession in the context of the political economy approach. The study used the global economic recession as a variable between Micro and Macro factors in fiscal and monetary policies of the elitist economic managers and state government in the international economic system. It portrayed global economic recession as demise of political and economic capability and ineffectiveness of capitalism up surge of free markets and greed of those who failed to anticipate the consequences of their actions. It affirms that the political and economic implications of Global economic recession can be ameliorated through concerted efforts between states in the

international economic system and national governments, under a broad regulatory framework devoid of greed to share and sustain economic growth in the beleaguered financial sector.

In summary, the overall findings of the work reviewed so far indicate that there is somehow a general consensus that there is a direct relationship between recession and economic growth. However, while the robustness of most of the works reviewed could be widely acclaimed, it will be noteworthy that there are some flaws inherent in some others which could somehow hinder the robustness of their results and which this work is intended to correct.

## **METHODOLOGY**

The estimation technique used in this study was drawn from developments in the co-integration theory. This has been developed to especially overcome the problems of spurious correlation often associated with non-stationary time series data. This estimation procedure examines the unit root level of the series used in the investigation. It enables the study to determine the integrated order of the data series through the application of the Augmented Dickey-Fuller (ADF) unit root test. The test will accept the alternative hypothesis if there is stationarity, if it found the time series to be integrated of the same order, and reject the null hypotheses of non-stationary, if it found otherwise. Further in the study, we employ a Johansen co-integration analysis to determine the long run equilibrium relationship between the variables. The estimation procedure involved using conventional error correction model (ECM) to investigate the short run dynamics and long run equilibrium relationship among the data series. The application of ECM is necessary because, it is used to correct temporary short run deviation of a series within long run equilibrium relationship.

This method was carried out using econometric software (E-view 9) version. Secondary data is the basis of data used in this study. It was sourced mainly from the various publications of the Central Bank of Nigeria (CBN) Statistical Bulletin, World Bank Development Indicators, World Bank and International Financial Statistics and Balance of Payment Database (2017).

### **Model Specification**

To examine the impact of recession on economic growth in Nigeria, the study adopted, though with some modification, the model version of Agri, Mailafia, and Umejiaku (2017). Two multiple regression models were used in the estimation. The first regression model seeks to analyse the impact of recession on macroeconomic stability in Nigeria. The second model seeks to analyse the impact of recession on sustainable development in Nigeria. The estimation periods were

restricted to the period between 1980 and 2017. The choice of this period is also necessitated by the availability of data, which is a major challenge to economic studies in Nigeria.

Thus, for hypothesis one which states that recession has no significant impact on macroeconomic stability in Nigeria, thus, the model specifications are as follows.

$$\text{GDP} = f(\text{UR}, \text{IR}, \text{BOP}, \text{PR}) \text{-----}(1)$$

To transform the above model (1) to a multiple regression form, it can be written like this:

$$\text{GDP} = \beta_0 + \beta_1\text{UR} + \beta_2\text{IR} + \beta_3\text{BOP} + \beta_4\text{PR} + \mu \text{-----}(2)$$

Where;

GDP = Gross Domestic Product

UR= Unemployment rate

IR= Inflation rate

BOP= Balance of payment for imports and Exports

PR= Aggregate poverty rate

$\beta_0$  = intercept

$\beta_1$ -  $\beta_4$ = parameters to be estimated

$\mu$ = error term.

The prior expectations of the independent variables are negative.

For hypothesis two which states that, there is no significant impact of recession on sustainable development in Nigeria. Thus the specifications are as follows.

$$\text{RGDP} = f(\text{EXH}, \text{EXE}, \text{EXI}, \text{GMI}) \text{-----}(3)$$

To transform the above model (3) to a multiple regression form, it can be written like this:

$$\text{RGDP} = \alpha_0 + \alpha_1\text{EXH} + \alpha_2\text{EXE} + \alpha_3\text{EXI} + \alpha_4\text{GMI} + \mu \text{-----}(4)$$

Where;

RGDP= Percentage Real Gross Domestic Product

EXH= Aggregate expenditure on health

EXE= Aggregate expenditure on education

EXI= aggregate expenditure on infrastructure

GMI= Percentage Growth in Manufacturing index

$\alpha_0$  = intercept

$\alpha_1$ -  $\alpha_4$ = parameters to be estimated

$\mu$ = error term.

The prior expectations of the independent variables are negative.



## ANALYSIS

To avoid spurious regression result, the study carried out unit root test using the Augmented Dicker Filler (ADF) tests in order to detect the stationary of the variables. The Johansen cointegration test will be employed in the study to determine the long run equilibrium relationship between the regressors and the regressand. Once the long run relationship has been established, we estimate an Error Correction Model (ECM) that captures both the long run and short run dynamics.

This study employs the Augmented Dickey-Fuller (ADF) test as test of unit root to check the stationary of the series in order to avoid spurious regression problem. The result of the unit root test is given below:

Table 1: Augmented Dickey-Fuller (ADF) Test for model 1, and 2 respectively (E-view 9 output)

Variables	ADF-Statistic	Critical Value			Order of Integration
		1%	5%	10%	
<b>Model 1</b>					
gdp	-5.148470	-3.626784	-2.945842	-2.611531	1(1)
ur	-6.757872	-3.632900	-2.948404	-2.612874	1(1)
ir	-8.195185	-3.632900	-2.948404	-2.612874	1(1)
bop	-5.667649	-3.639407	-2.951125	-2.614300	1(1)
pr	-3.760548	-3.632900	-2.948404	-2.612874	1(1)
<b>Model 2</b>					
rgdp	-4.731115	-3.626784	-2.945842	-2.611531	1(1)
exh	-4.147276	-3.639407	-2.951125	-2.614300	1(1)
exe	-5.734461	-3.632900	-2.948404	-2.612874	1(1)
exi	-5.475777	-3.639407	-2.951125	-2.614300	1(1)
gmi	-4.089307	-3.626784	-2.945842	-2.611531	1(1)

The tests for stationarity of the variables were done using the Augmented Dicker Fuller (ADF) Unit Root Test. The results in table 1 shows that gross domestic product, percentage real gross domestic product and percentage growth in manufacturing index, unemployment rate, inflation rate, expenditure on health and expenditure on infrastructure and poverty rate were stationary at first difference 1(1) in the models. This indicates that unit roots exist among the variables at the 5% and 1% level of significance. Hence, we can go ahead to test for co-integration in the equation. The study has used Johansen's cointegration test according to the above unit root testing result and the comparative advantage of Johansen integrated technique that can be applied when there are more than three variables in the models.

Table 2: Co-integration for Trace Statistic test (model 1 and 2 respectively)

<b>Model 1</b>				
<b>Unrestricted Cointegration Rank Test (Trace)</b>				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	Critical Value 0.05	Prob.**
None*	0.908766	206.9106	69.81889	0.0000
At most 1*	0.800889	127.8977	47.85613	0.0000
At most 2*	0.627024	74.63919	29.79707	0.0000
At most 3*	0.544657	42.09325	15.49471	0.0000
At most 4*	0.386667	16.13197	3.841466	0.0001
<b>Unrestricted Cointegration Rank Test (Maximum Eigenvalue)</b>				
None*	0.908766	79.01293	33.87687	0.0000
At most 1*	0.800889	53.25851	27.58434	0.0000
At most 2*	0.627024	32.54594	21.13162	0.0008
At most 3*	0.544657	25.96128	14.26460	0.0005
At most 4*	0.386667	16.13197	3.841466	0.0001
Trace test and Max-eigenvalue test indicates 5 cointegrating eqn(s) at the 0.05 level				
*denotes rejection of the hypothesis at the 0.05 level				
**Mackinnon-Haug-Michelis (1999) p-values				
<b>Model 2</b>				
<b>Unrestricted Cointegration Rank Test (Trace)</b>				
None*	0.849714	164.2388	69.81889	0.0000
At most 1*	0.778163	103.5919	47.85613	0.0000
At most 2*	0.589665	55.40590	29.79707	0.0000
At most 3*	0.540525	26.90088	15.49471	0.0006
At most 4	0.061040	2.015435	3.841466	0.1557
<b>Unrestricted Cointegration Rank Test (Maximum Eigenvalue)</b>				
None*	0.849714	60.64693	33.87687	0.0000
At most 1*	0.778163	48.18600	27.58434	0.0000
At most 2*	0.589665	28.50501	21.13162	0.0038
At most 3*	0.540525	24.88545	14.26460	0.0008
At most 4	0.061040	2.015435	3.841466	0.1557
Trace test and Max-eigenvalue test indicates 4 cointegrating eqn(s) at the 0.05 level				
*denotes rejection of the hypothesis at the 0.05 level				
**Mackinnon-Haug-Michelis (1999) p-values				

In the model one and two in table 2 above, the Johansen co-integration test was used to determine if there exists long-run equilibrium relationship among the variables under study. The

trace-statistic value and Max-Eigen statistic are shown to be greater than the critical values at both 1% and 5% levels, thus indicating four (4) co-integrating equation at 5% levels in the models respectively. We therefore, reject the null hypothesis and conclude that there exists long run equilibrium relationship between the dependent variables and independent variables in the models. We moved on to the ECM which helps us to see the short –run dynamics of the model. ECM will enable us determine the speed of adjustment from short – run to long – run equilibrium.

Table 3: The Result of Error Correction Model (ECM) for model 1, and 2 respectively

Dependent Variable: GDP				
Method: Least Squares				
Date:03/14/19 Time: 13:58				
Sample (adjusted): 1982 2017				
Included observations 36 after adjustments				
<b>Model 1</b>				
Variable	Coefficient	Std. Error	t-statistic	Prob.
C	0.742746	1.320800	0.562345	0.5782
D(UR)	-0.580737	0.391981	-1.481543	0.1492
D(IR)	-0.085402	0.093487	-0.913522	0.3685
D(BOP(-1))	-0.067250	0.503248	-0.133633	0.8946
D(PR)	-0.326764	0.517244	-0.631740	0.5325
ECM(-1)	-0.970054	0.181299	-5.350586	0.0000
R-Squared: 0.522190; F-statistic: 6.338710; Prob(F-statistic): 0.000432; Adjusted R-squared: 0.439809;				
Durbin-Watson Stat: 1.972261				
<b>Model 2</b>				
C	0.097378	0.482850	0.201674	0.8416
D(EXH(-1))	12.45953	5.918371	2.105230	0.0440
D(EXE)	1.642359	2.068274	0.794072	0.4336
D(EXI(-1))	-2.484993	2.871634	-0.865359	0.3939
D(GMI)	-0.374307	0.087530	-4.276324	0.0002
ECM(-1)	-0.394565	0.174172	-2.265370	0.0311
R-Squared: 0.632374; F-statistic: 9.976892; Prob(F-statistic): 0.000012; Adjusted R-squared: 0.568990;				
Durbin-Watson Stat: 1.913979				

The results presented above will be analyzed using three criteria; economic a priori criteria, statistical criteria and econometric criteria.

From the results of the regression, the positive intercept of  $\beta_0$  and  $\alpha_0$  in the models above, indicated that the value is positive but statistically insignificant with p-value of 0.5782 and 0.8416 which is greater than 0.05 respectively. Therefore, this is an indication that GDP and Real GDP for current year in Nigeria will be constant at 74% and 9.7% when there is no change in the explanatory variables. The coefficient of aggregate expenditure on health and aggregate expenditure on education revealed that it has positive impact on the economic growth in Nigeria. This implies that a one percent (1%) increase in aggregate expenditure on health and aggregate expenditure on education over the period of study increased the economic growth by 1245.9% and 164.2% per annum respectively in the model two.

All the estimated coefficient in the model one while aggregate expenditure on infrastructure and percentage growth in manufacturing index in the model two has a negative impact on the economic growth in Nigeria. This implies that a 1% increase in unemployment rate, inflation rate, balance of payment for imports and exports, aggregate poverty rate, expenditure on infrastructure and growth in manufacturing index will reduce the economic growth by 58.07%, 8.5%, 6.7%, and 32.6% in the model one while 248.4%, 37.4% in the model two per annum.

The coefficient of error correction model was negative and statistically insignificant in the both models, implying that a long run relationship exists among the variables. It also shows that if there is short run disequilibrium in economy. In the long run, the economy can return to equilibrium with speed of adjustment of 97% and 39%.

The t-statistics of all the variables in the models were not significant with exception of expenditure on health and growth in manufacturing index that have a positive significant impact on the economic growth in Nigeria. However, the model one coefficient of determination as depicted by the  $R^2$  is 0.52 which implies that the model accounts for 52% of the systematic variations about the mean of the dependent variable. The adjusted  $R^2$  is 0.43. To examine the model adequacy in approximating the line of best fit, the f-stat is considered. With a value of 6.3%, it suggest that the error correction model may not fit the data fairly well and a possible reason been that more exogenous variables may play a critical role.

Also, in the model two, the significant high value of  $R^2$  which is approximately 63.2% explains the true behavior of the independent variables (aggregate expenditure on health, aggregate expenditure on education, aggregate expenditure on infrastructure and percentage growth in manufacturing index) while 36.8% explains the disturbance error term in the model. The adjusted  $R^2$  of approximately 56.9% explains the true behavior of the  $R^2$ . Hence, the model shows a good fit. The F-statistics value of 9.976892 in the model two, which are a measure of the joint significance of the explanatory variables, found to be statistically significant at 5 percent

level as indicated by the corresponding probability value of 0.000012. This indicates that the model is of good fit and significant. The DW statistic which is a measure of auto correlation shows that the error correction model is free from the problem of serial correlation at 1 % level of significance due to its value of 1.97 and 1.91 respectively. As a result of this, our models estimates can be confidently relied upon for making inferences.

### **Hypothesis Testing**

At the initial stage of this research, precisely in chapter one, some hypotheses were formulated to help in achieving the objectives of the study. Of course, the study is incomplete without subjecting these hypotheses to test following the empirical findings of the study. These hypotheses are restated below as follows:

**H0<sub>1</sub>:** Recession has no significant impact on macroeconomic stability in Nigeria

Using the f-statistics and prob(F-statistic) in table 3 above, the overall regression is significant at 5% level of significance as the probability of F-stat is (0.000432). Therefore, we reject the null hypothesis and conclude that, recession has a negative significant impact on macroeconomic stability in Nigeria.

**H0<sub>2</sub>:** There is no significant impact of recession on sustainable development in Nigeria.

In the model two, using the f-statistics and prob(F-statistic), the overall regression is significant at 5% level of significance as the probability of F-stat is (0.000012). Therefore, we reject the null hypothesis and conclude that, there is a significant impact of recession on sustainable development in Nigeria.

### **CONCLUSION AND RECOMMENDATIONS**

This study examines the impact of recession on economic growth in Nigeria from the period 1980 and 2017. The discourse affirms that the economic recession in Nigeria is caused by both endogenous and exogenous factors. It stems from the incapability and ineffectiveness of our economic managers to protect the interest of the populace from the corrupt leaders who direct the economic resources entrusted in their hands for the welfare of the general public for their own selfish interest, thereby depleting the economic reserves and finances in their states account. It is not something unusual for an economy to go through a business cycle – boom, recession, and recovery but how long before the economy recovers to avoid going into a depression. The economic recession in Nigeria has negative impacts on macroeconomic structure giving rise to depletion of government revenue, deepening unemployment, poverty,

stock market losses, financial crisis, inflation, infrastructural decay, lightening of loan policies, poor standard of living and corruption. The global economic crisis, the over dependent on crude oil revenue and imported goods items has cast heavy burden on the economy.

The limitations of the current study hinged on the fact that Nigeria, being a developing economy, is yet to come up with appropriate and elaborate fiscal and monetary policy measures and the political will to tackle the problem of recession which is hindering the pace of here economic growth and development in Nigeria. However, although the data was gotten from a source which is presumed to be the most authentic, well there are still doubts about the actual source of the data. Due to the rate of corruptions in various parastatals one cannot be certain that these figures are accurate especially in a country like Nigeria where almost everything is done with ulterior motives. Furthermore, the timeframe of previous studies seen by the researchers in the literature are shorter periods. Even the most current work in the literature seen by the researcher analysis ends in 2016 while the current study is in 2017. A year gap is enough reason for the current study to be carried out.

In order to address the problem of economic recession in Nigeria, the country must make a swift change in the structure of the economy and lay more emphasis on a shift from the mono-product economic structure, over – dependence on imports to the diversification of the economy. There must be a shift from oil to agriculture and other economic and social overheads which will aid the private sector on the path of sustainable growth and development.

The government must take initiative in balancing fiscal and monetary policies, raising the consumer confidence and spending levels in order to come out of recession, building long – term economic resilience through proper monitoring, and development of the money market, provision of sound macro – economic environment to promote private sector growth.

Government should encourage and promote the manufacturing sector, through provision of soft loans to them. Government should also try and change the psych of the people towards patronizing made in Nigeria goods as this will go a long way in generating employment in the country. Monetary policy should gear towards providing cheap and adequate credit to small and medium enterprises that are the backbone of any economy. States should be made to compete with one another in service delivery to the people and avoid over reliance on the Federal government for handouts.

Finally, efforts should be intensified to control and eventually eradicate corruption which is a double – headed dragon that adversely affect the economy and render majority of the populace poor. The Central Bank of Nigeria must take the lead to control the use of foreign currencies for the importation of those commodities that will enhance the industrialization of the

country and avoid excessive importation of finished consumer goods. Through these ways, Nigeria will come out of recession and geared itself towards sustainable development.

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