Sapientia Global Journal of Arts, Humanities and Development Studies (SGOJAHDS), Vol.3 No.2 June, 2020; p.g. 365 – 378; ISSN: 2695-2319 (Print); ISSN: 2695-2327 (Online)

ECONOMIC GROWTH SUSTAINABILITY IN NIGERIA: THE RECESSION ISSUE [1981 - 2018]

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Abstract
The study investigated recession effect on the Sustainability of Economic Growth in Nigeria. It covered the period between 1981-2018 employing data from CBN statistical bulletin on time series. Augmented Dickey Fuller unit root test was used to test for stationarity of the variables and the result showed that the entire variables integrated at first difference, i.e. I (1) and this justified the use of Vector Auto Regression (VAR) model for the study given that the Johansen co-integration test employed to check for the long run relationship between the variables showed that there was no co-integration. The result/findings from this study showed that inflation (INFLA) impact on growth and development of Nigeria is negative. The study however concludes that INFLA and EXCH have significant impact on economic growth.

Keywords: Economy, Economic Growth, Sustainability, Recession, Nigeria.

Introduction

The rise in attuned market price of the goods produced by an economy over a period is referred to as economic growth. Ordinarily, it is measured as the percentage rise in real gross domestic product (RGDP). In a layman's understanding, a recession is an era of overall economic meltdown or degeneration, but in economics, a recession period indicates a destructive growth in GDP for two quarters consecutively. Economic recession can broadly be defined as an era of overall decline of the economy and is accompanied by the rapid decrease in the capital market, a surge in unemployment, and a drop in the real estate. According to the Dictionary of Contemporary English, New edition for Advanced Learners,

a economic downturn or recession is a difficult time when there is less trade, business activity in a country than would have been. This period is mostly characterized with growth in unemployment rate, decline in usual revenues, rise in inequality and increased borrowing from government etc. (Tejvan 2012). Uzie (2016) on the greatest recession of 2008 to 2012 exposed many of the diverse effect of recession to employees which has culminated into: astronomical inflation rate, rise in crimes, and tensed family relationship. Equity (2017) opined that recession periods exposing the unemployment figures on every news headline of newspapers of which families facing the recession continues suffering silently. The populace tends to make ends meet envisaging economic turnaround sooner than later yet all to no avail. Silently, recession can cause serious impact on the daily activities of these populace and on their standard of living, even when many homes strive to erk out a living as if nothing wrong happened. When a recession lasts for a long time becomes depression, hence, a depression is a deep and long lasting recession (Investopedia, 2017). Generally, depression is more severe than recession. The blame for recession generally falls on federal government leadership often on either the President himself, Head of Federal Reserve, or on an entire administration. An economic recession is not a permanent situation but rather a temporal one. If economic recession stays longer in a country, it induces some problems that are bound to impact on the growth of the economy or sometimes directly on the basic physiological needs of such country's citizens hence the need for this research study which investigates into the impact of economic recession-induced problems on Nigeria economic growth.

The global economic meltdown activated economic recession in Nigeria this culminated into severe pressure on the diverse sectors of the economy. There was a huge downturn in patronage, sales, low production, profit margin, retrenchment, inaccessibility of foreign exchange, high cost of production, factories going moribund, inadequate power supply, abrupt rise in tax as well as losses on foreign debts. Management accountants working in this sector was confronted the most, as they were internal managers in the firms, whose responsibilities involve procurement of raw material, recruitment and selection processes, customer maintenance/retention, fixing and so on.

By 2016, due to scarcity of foreign exchange to the financial sector, firms could not access dollars for raw materials importation as the foreign direct investment (FDI) per month dropped below $1billion from $3.2billion due to drop of crude oil prices. This is also made most firms to close shop. These made the capability consumption of the manufacturing firms' to decline to about 35%. During economic recession its impact is mostly felt on the rise of unemployment which subsequently causes a huge problem for the management accountants' on staffing and human resources effective management. Noko (2018) noted that the negative result of recession had grown to be unbearable for firms leading to huge loss of jobs. Noko equally stated that over 20,000 employees working in manufacturing companies lost their jobs.

Obviously, Nigeria, the core of West Africa's economy has remained quiet, due to the pronouncement of global financial crisis. In fact, it seems the present administration had set the stride for this recession right from onset. The government actions or inactions indicate no perfect policy direction and most of attempts made remains counterproductive. Unless urgent decisions are made, the effects of this economic recession may linger.

Statement of the Problem

Nigeria is faced with the two broad problems of decline in the volume of export and decline in price of crude, resulting to reduced revenue. The implications are that the federal and state budget cannot be funded adequately resulting to external borrowing and debt financing. These have negative implication on foreign exchange and import of raw material, low absorptive capacity job losses, increased in tax evasion and avoidance, low purchasing power, low standard of living caused by economic recession, Eneji, Dimis, Umejiaku (2016)

Research Questions:

The statement of the problem has invokes some questions in which the research topic intend to answer. These questions are:

- Does recession affect the level of productivity in the Nigeria economy?
- To what extent does recession affect unemployment rate in Nigeria?

Objectives of the Study

The main aim of this study is to critically evaluate the effect of recession on economic growth and sustainability in Nigeria for the period of 1980 to 2017 while the specific objectives are;

- To examine whether recession has an effect on the productivity level in Nigeria economy.
- To ascertain the effect of recession on unemployment rate in Nigeria.

Research Hypotheses

The following hypotheses were tested:

H_{01}: Economic recession has no positive impact on the unemployment rate in Nigeria.

H_{02}: Economic recession has no positive impact on the import and export rate in the manufacturing firm in Nigeria.

2. Concept of Economic Recession

Recession is an era of economic meltdown - slow down or declining economic output (Wikipedia, 2017). However, economic recession is seen as a significant decline on real GDP, economic activity, real income, employment industrial production and sales. This is due to a fall in the aggregate demand for two consecutive quarters (myaccountrycourse.com, 2017).When a country is in the phase of recession, the economy fails to utilize its resources effectively, (Nikoloski and Lazarov, 2000). Usually, recession may be triggered by financial crisis and or credit crunch, as well as demand and supply side shocks.

Mailafia, (2016) is of the opinion that economic recession stagnates' increase in wages and raises the number of people on low pay as well as increasing unemployment and underemployment. In a research by Bauer, (2009), there is an inter-linkage between economic recession and the global financial crisis which have poverty incidence in underdeveloped countries. Chinguwo and Blewit, (2012) posited that most of the working class people and their families have witness difficulty in improving their standard of living due to the problems associated with economic recession, financial crisis and climate change.

Economic recession is an era of overall drop and usually associated by a decline in the capital market, rise in unemployment and drop in the real estate market. (study.com). Kimberly (2006) states that recession means the drop in the following economic indicators:

i. Real gross domestic product (RGDP)
ii. Income level of individual and the revenue generation of the government
iii. Employment
iv. Manufacturing and
v. Retail sales

Main Reasons of Recent Recession in Nigeria (2016-2018)

Drop in Price of Crude Oil: The recent economic recession witnessed in Nigeria under the present administration is traceable to the fall in crude oil prices in the global market. A mono-product dependent economy like Nigeria is easily influenced by this fluctuation in the global market. Based on this, the blow emanating from the fall led to the inability of 90% of the states in the federation to pay salaries while most of the payments are delayed. Hence, staffs are laid off and this worsens the unemployment situation in the country.

Unfavourable Exchange Rate Policy: Considering the fact that Nigeria economy is import dependent, the replacement of fixed exchange rate regime with floating regime gave rise to the hike in foreign exchange rates which subsequently led to a condition where foreign exchange are bought or sold atdiverse prices in both the official and the parallel market. Going by this activity, high commodity prices and a fall back effect on the standard of living of Nigerian masses was witnessed (Farayibi 2016).

Removal of Fuel Subsidy: Subsidy is seen as a support extended to an economic sector (institutions or business firm) generally in order to promote the policies on economy. In other words, price is manipulated to enable fixation of prices for sale be determined by government while in return, the actual market price difference is paid to the retailers. 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.

General Consequences of Economic Recession:

1. **High interest rate:** this limits the liquidity or the amount of the money available to invest.
2. **Increased inflation**: rise in the prices of goods and service over a period of time. As inflation increase the percentage of goods and service that can be purchase with the same amount of money increase.
3. **Reduced consumers' confidence:** if consumer believe that the economy is bad, they are less likely to spend money. This psychological which have real impact on the economy.

3. Theories of Economic Recession

There exist some theories proposed by earlier researchers on the areas of economic recession and the impact of the induced problems on economic growth and basic physiological needs. These are:

Sun-Spot Theory

This is perhaps the oldest theory of business cycle or recession. The theory was developed in 1875 by Stanley Jevons. Sun - spots according to Jevons are storms on the surface of the sun caused by violet nuclear explosions. He argued that sun spots affected weather on the earth. Since economies in the olden world were heavily dependent on agriculture, changes in climatic conditions due to sun-spots produced fluctuations in agricultural output. Changes in agricultural output through its demand and input-output relations affect industrial production. Thus, swings in agricultural output spreads throughout the economy. Even today, weather is considered crucial in a country like Nigeria where agriculture is still important.

Criticisms of the Theory: Though the theories of recession and/or business cycles that emphasize climatic conditions for recession contain an element of truth about fluctuations in economic activity, especially for a developing country like Nigeria where agriculture is still crucial to economic development and growth, they do not offer an adequate explanation of recession.

Hawtrey's Monetary Theory of Business Cycles/Recession

This is another old monetary theory put forward by Hawtrey (1913). Hawetry stated that after something, the expansion process in the economy ends and recession sets in. He argued that recession sets in when during expansion people spend more on domestically produced goods as well as imported ones. Hence, when people import more than they export, balance payment problem arises leading reduction in credit expansion and economy will begin to recess.

Under Consumption Theory

This is another old theory of business cycle that dates back to the 1930s. This theory came into limelight when Say's law which states that "supply creates its own demand" was criticized by Malthus and Sismondi. Hence they argued that consumption of goods and services could be too small to generate sufficient demand for goods and services produced. Both attributed over production to lack of consumption demand for them. According to them, the rich receive a large part of their income from returns on financial assets and real property owned by them. Further, they assume that the rich have a large propensity to save, that is, they save a relatively large proportion of their income and therefore, consume a relatively smaller proportion of their income.

Furthermore, they stated that increase in savings during expansion phase leads to more investments on capital goods and after sometime lad, the greater stock of capital goods enables the economy to produce more consumer goods and services.

Keynesian Economic Recession Theory

Keynes (1936) was one of the first to dwell extensively on economic recession when he propounded the famous theory of income and employment. This theory was as a result of the Great Depression in the Europe and American in the 1930's. The main thrust of this theory is that in the short-run and more especially during economic recession output is strongly influenced by aggregate demand including total spending in the economy. Keynes opined

that in recession. The way to break the cycle is for the government to push in spending heavily into the economy by building roads and bridges and other public works. He argued that the level of economic activity is dependent on the aggregate demand and that if demand becomes low it results to recession and high unemployment. Keynesians believed that the major causes of economic recession are ineffective demand and bad economic planning.

Keynesian economists posit that, because wage and prices adjust slowly during recession, distortions in production or consumption may move the economy away from its desired level of production and employment for a longer period of time. According to the views of the Keynesians, states could intervene through the use of some economic measures and economic policies, in particular, monetary policy actions by the central bank and fiscal policy actions by the government, can help stabilize output over the business cycle. Keynesian economists often advocated an active role for government intervention during recessions to alleviate the consequences of the recession and the reduction of overall economic activity in the economy. The focal points of the Keynesian approach to economic recession is to increase aggregate demand through the manipulation of government spending, taxation, money supply, interest rates regulation and devaluation to stimulate production, employment and creation of new investment.

Hangover's Economic Recession Theory

After a long argument on this theory by comparing it with Keynesianism and Austrian theorist for and against the above theory, this theory was said to have turned out to be intellectually incoherent since nobody has managed to explain why bad investments in the past require the unemployment of good workers in the present. It was then concluded that often if not always that it is ideas, not vested interest that are dangerous for good or evil.

Empirical Literature Review

Massavrat and Sha (2015) carried out a research to assess the impact of recession on consumer's behaviour as an empirical study in Dubai. Their aim was to understand the impact of global recession on consumer shopping behaviour and how consumer consumption and saving pattern changed across different product categories during and after recession. A total of 235 respondents were issued structured questionnaire. Paired sample t-test and ANOVA were used to analyze the data. The research finding revealed empirical evidence that the priorities of the consumers significantly changed after recession.

Gautan, et al (2014) carried out a research on global recession and its impact on tele-communications industry as an empirical dissection. The study's objective included analyzing the flows of foreign Direct Investments in telecom sector in India and also examining the reasons behind consistency in FDIs during global financial crisis period. Findings revealed that even with recession, India has witnessed a steady growth in the economy with the FDI's inflows and the telecom sector and its various project were not hindered by global financial crisis period. Findings revealed that even with recession, India has witnessed a steady growth in the economy with the FDI's inflows and the telecom sector and its various project were not hindered by global crisis.

Chukwu, Liman, Enudu and Ehiaghe (2015) this study examined the impact of economic recession in textile firms in Nigeria. The multiplier effect of economic recession has always posted a disastrous outcome on manufacturing industries. Most firms has gone under because of this malaise. Due to decrease in low capacity utilization, share prices, unsold inventories, labour turnover and decline in commodity prices a chunk of income is lost by manufacturing industries during recession. A cross sectional survey was used to collect data for answering research questions and testing hypothesis in this research work. The data collected from questionnaire instrument were also analyzed using percentages and the result of the study indicated that the impact of economic recession in manufacturing industries are low foreign direct investment, horrendous nosedive in stock market prices, fall in commodity prices, low capacity utilization, factory closure and delisting of share at the stock exchange.

Georgina, Obinne and Ugwuanyi (2016); in his study examined the impact of economic recession-induced problems on the Nigeria economic growth for the period 1985-2015. The major objective of this research is to ascertain the impact of this problem on Nigeria economic growth.

Identified Gap in Empirical Literature

A noticeable limitation was evident from the studies reviewed so far especially those cited from Nigeria. Most of the works reviewed analyzed the impact of recession on economic growth with restriction to inequality. However, the contributions of many authors on economic recession and business cycles have not been able to capture the impact of recession on the high rate of inequality in resources' allocation and how they have affected our level of economic growth. This study will attempt to incorporate this aspect. Other variables to be included in the model are high rate of unemployment, decline in the average income, value of exchange rate, and high rate of inequality.

Model Specification

Having examined theoretically the situation in Nigeria, we turn to empirical examination of its extent and impact of recession on Nigeria growth rate. The intention is to determine the impact of recession, which has to do with the decline in the real income, decline in GDP, and massive unemployment on economic growth in Nigeria. Hence, following the works in the literature reviewed we represent the reduced from macroeconomic model as a multivariate dynamic system and thus specify with some modifications. The structural equation model with the dependent variable which depends on five (5) independent variables was employed. It is vital to note that the economic growth was proxied by Real Gross Domestic Product (RGDP) as the dependent variable and the independent variables include: high unemployment, decline in average income, increased inequality, higher government borrowing and decline in the value of exchange rate.

$$GDP=f(EXCH,INFLA) \quad \text{.....3.1}$$

The estimable version of equation 3.1 is:

$$LGDP = \beta_0 + \beta_1 EXCH + \beta_2 INFLA + U_T$$

Where

GDP = gross domestic product

EXCH = exchange rate

INFLA = inflation
U_T = Error term

The EXCH AND INFLA are the independent variables causing variation on the dependent variable, GDP. The β_0 is the intercept parameter or constant and β_1 and β_2 are the coefficients of the independent variables. The parameter β_0 i.e. the intercept signifies that even if all the independent variables are equal to zero, human development index will still grow by the value of the intercept due to the effect of other variables outside the model. The parameters β_1,β_2,β_3 and β_4 which are the coefficients of the independent variables denote the degree of change of the dependent variables as a result of a unit change in the independent variables. The error term (μ) is used to capture the impact of other variables that are not included in the model.

Results and Discussion
Pre Estimation Test Results
Unit Root Test
Unit Root Test Results

Variables	At Level	Probability	1st difference	Probability
LGDP(-1)	-0.429684* (-2.957110)	0.8922	-9.281129* (-2.957110)	0.0000
EXCH(-1)	2.238119* (-2.945842)	0.9999	-3.303326* (-2.948404)	0.0223
INFLA(-1)	-2.920422* (-2.945842)	0.0528	-5.939811* (-2.951125)	0.0000
UNEMP (-1)	-2.920422* (-2.97756)	0.0428	-5.748822* (-2.851125)	0.0100

Source: Author's Computation 2019

Hypothesis
Ho: There is unit root in the model
H_1: There unit root in the model

Decision rule: Reject the null hypothesis if ADF statistics is greater than the critical value at 5% in the absolute terms otherwise we do not reject.

Table 4.1 above explains that 1(0) indicates that the variables are not stationary at level while 1(1) indicates that the variable are stationary at first difference since both the dependent variable (Gross domestic product) and the independent variables (inflation and exchange) are all stationary at first difference 1(1), thus, this result will lead to the computation of the co-integration test to analyze the long run relationship among the variables and also unrestricted VAR model will be used since all the variable are all stationary at first difference.

Presentation and Discussion of the VAR Results

Vector Auto-Regression Test Results

	LGDP	**EXCH**	**INFLA**
LGDP(-1)	0.813062 (0.10802) [7.52692]	2.547288 (3.22431) [0.79003]	-1.171264 (2.63515) [-0.44448]
EXCH(-1)	0.005581 (0.00348) [1.60573]	1.024778 (0.10375) [9.87694)	-0.000213 (0.08480) [-0.00251]
INFLA(-1)	0.005196 (0.00643) [0.80754]	-0.107232 (0.19207) [-0.55830]	0.547196 (0.15697) [3.48591]
C	0.547196 (0.15697) [3.48591)	-11.36412 (20.0127) [-0.56784]	18.59949 (16.3560) [1.13717]

Source: Author's Computation E-views 9,

Note: The values in parenthesis are the t-statistics

Vector Auto-Regression Estimates

Since there exists no co-integration in the model, we would be using the unrestricted VAR to analyze the equation and given that all the variables are stationary at first difference.

From the result above, LGDP is strongly endogenous i.e. it has a strong influence on itself as the t-stat is 7.5 is greater than 1.96 at 5% significant level it show that the past realization of LGDP is associated with 81.3% increase in LGDP for the current year.

Exchange rate is strongly exogenous or weak influence on GDP and the past realization of exchange rate is associated with not enough or significant zero rate of return on GDP at 5% significant level and is significant because the t-value 1.6 is less than 1.96 table value at 5% significant level.

Inflation is also strongly exogenous as it has a weak influence on GDP and the past inflation is associated with zero significant rate of return on GDP at 5% significant level where the t-value 0.86% is less than the t-value 1.96 at 5%significant level.

GDP has a strong influence on exchange rate by 2.5% as the past realization in GDP increases the exchange rate by 2.5%, which is not significant as the t-value 0.8 is less than 1.96 and is not significant at 5% significant level. Also as the past realization of GDP increase it would decrease inflation rate by 117.1% and an increase in past exchange rate would increase exchange rate by 102.5% which is significant at 5% significant level thus exchange is strongly endogenous.

Also inflation rate is strongly exogenous. Consequently, GDP has strongly influence on EXCH by 2.5 as the past realization in GDP increase the exchange rate by 2.5% which is not significant as the t-value 0.8 is less than 1.96 at consequently, GDP has a strongly influence on EXCH by

2.5 as the past realization in GDP increase the exchange rate by 2.5% which is not significant as the t-value 0.8 is less than 1.96 at 5% significant level.

The R^2 of 0.936312 shows that 93.6% of the dependent variable is explained by the independent variables, thus, the model is fit.

The F-stat explains the overall significant of the model the f-stat is 147.0149 which is greater 1.96 is statistically significant.

Variance Decomposition

Variance decomposition in VAR models is used to explain the % change of error predict by the independent variables by other variables i.e. the amount of information other variables have in addition to control.

For the variance decomposition of GDP in the short-run for period 1, GDP is strongly endogenous given that it explains itself by 100%, while EXCH and INFLA are weakly exogenous given that they didn't explain GDP in the short-run.

In the long-run, EXCH and INFLA also increases in the explanation of GDP but not as much as GDP increases in explaining itself relating the variance decomposition to the VAR result we see that there is a weak explanation of INFLA to GDP. This is explained with the result in the appendix to explain the short run period which is from period 1-5 and the long run period from 6-10.

Impulse Response Function

The impulse response function is imperative in explaining the interaction among variables in a Vector auto-regressive model representing the reactions of the variables to shocks hitting the system. The graph shows that a unit increase in past GDP increases GDP over time and is strongly endogenous.

Also a unit increase in INFLA would also increase GDP at first and it will give a constant return and start decreasing in the long-run. Also an increase in EXCH will increase GDP both in the short-run there is a strong explanation of EXCH to GDP.

Post Estimation Test Results

Co-integration Test

A co-integration test was conducted to determine if there exists a long-run relationship between the dependent variable

Johansen's Co-integration Test Results

Hypothesized		Trace	0.05	
No. Of CE(s)	Eigen value	Statistic	Critical Value	Prob **
None	0.365058	19.69975	29.79707	0.4434
At most 1	0.142875	5.164655	15.49471	0.7911
At most 2	0.007197	0.231149	3.841466	0.6307

Source: Author's Computation 2019

Co-Integration Test

Hypothesis

H_0: There is no co-integration among the variables

H_1: There is co-integration among the variables

Decision rule: Reject the null hypothesis if the critical value is greater than the trace statistics at 5%, otherwise do not reject.

Conclusion: therefore since the critical value 29.79707 is greater than the trace statistic value of 10.69975 at 5% significant level, there is no co-integration among the variables, so we accept the null hypothesis.

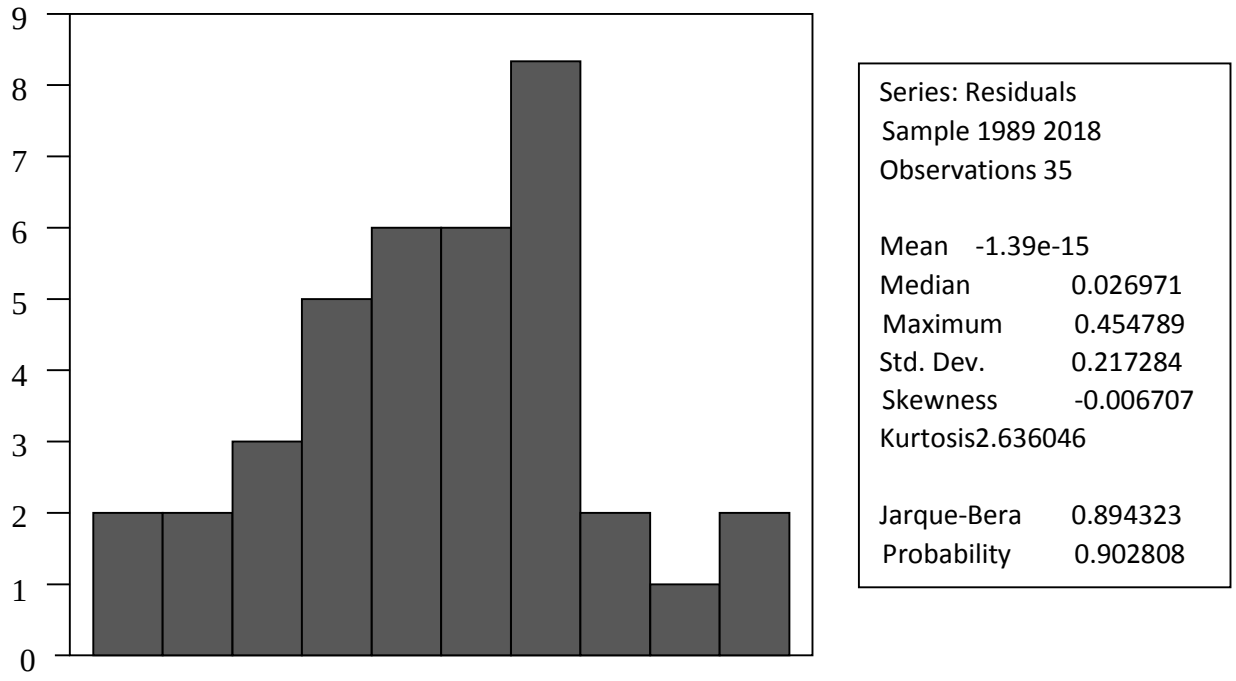
Auto Correlation Test

Lags	LM-Stat	Prob.
1	14.86440	0.0947
2	6.231506	0.7165

Source: Author's computation on E-views 9

Conclusion: Since the t-value (14.86440 and 6.231506) is greater than 1.96 and chi^2 probability (0.00947 and 0.7165) is greater than 0.05, therefore we conclude that we do not reject the null hypothesis (H_0) shows that there is no auto correlation.

Normality Test



The null hypothesis (H_0) for normally test is that the residual is normally distributed, with the decision rule to reject H_0 if the p-value of Jarque-Bera is less than or equal to 0.05 level of significant. Looking at the above figure, the p-value of the Jarque-Bera statistic is 0.8943 which is greater than 0.05 level of significance. Also, the Jarque-Bera is less than 5.99 conventional

values for the existence of non-normality. Therefore, we accept H_0 and conclude that the residual is normally distributed.

Summary, Conclusion, Policy Recommendations

Summary of Findings

This study examined recession and economic growth in Nigeria for the period 1981 to 2018. In order to attain the outlined objectives, annual time series data of the dependent (GDP) and independent variables (INFLA and EXCH) were collected from secondary sources and analyzed using the distributed lagged model.

LOG-NGDP, INFLA, UNR and EXCH, were used to construct the model. ADF unit root test was used to test the stationarity of time series variables. The order of integration of all variables is the same in each unit root test. Therefore, we proceed to test for the need for Johansen co-integration technique. INFLA at lagged 3 had positive but insignificant impact on DNGDP. EXCH had positive but significant effect on DNGDP while UNR had a positive and significant impact on DNGDP.

The positive coefficient exhibited by INFLA, EXCH and UNR as a function of NGDP symbolizes that the effect of recession is capable of positively impacting on the nation's economic growth and development.

Conclusion

The main objective of this study is to examine the impact of recession on economic growth in Nigeria and annual time series data that spans from 1981 to 2018 were used in the estimation of the model, Specifically, the study set to evaluate the significant effect of recession on economic growth in Nigeria. We concluded that there is a negative and significant impact of recession on economic growth in Nigeria.

Policy Recommendations

To most developing economies of the world, Nigeria inclusive, since the increase in some of the variables used in this study that means that government should do their possible best to curtail the impact of this variables like inflation, exchange rate, and unemployment in the economy because it hinders economic growth.

a. Inflation is seen as the failure of aggregate supply to equal to the increase in the aggregate demand. Therefore, inflation is controlled by increasing the supplies of goods and services and reducing money incomes in order to control aggregate demand (Jhingan, 2012) that means that Nigeria government should control inflation by using monetary, fiscal and other measures. In monetary aspect we can make use of credit control, Demonetization of currency, and issue of new currency. And under fiscal measures we have include: Increase in production rational wage policy, and price controls.

b. Unemployment has been one of the most persistent and unmanageable problem facing all developing countries in the world in which Nigeria is inclusive. The government should put in place adequate informational and infrastructural facilities that will facilitate both rural and urban investors' participation within the Nigerian economy in the activities of the exchange through proper sensitization and stock market developments. Nigeria government should do their possible best to fight against this disease called

unemployment this will help in curtailing the occurrences of this recession in the economy.

c. Our Gross Domestic Product (GDP) tends increase when our currency is devalued because our goods becomes cheaper this will attract foreign investors because they comes to purchase and if this should continue in a long-run our exchange rate will appreciate.

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