THE POLITICAL ECONOMY OF RECESSION AND THE ILLUSION OF SUSTAINABLE DEVELOPMENT IN DEPRESSED THIRD WORLD STATES: NIGERIA IN FOCUS

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INTRODUCTION

Drawing from orthodox economic perspective, Phil Drew did not intend to provoke the anger of Third World scholars when he wrote in *The Guardian* article of January 14, 2014: "The global recession was a good thing for sustainability." In this view, economic recession, though painful, is presumed to be "a necessary path (that requires fiscal and monetary policies) to transition and development of the Nigerian economy (Eneji et al. 2017).

Nigeria's National Bureau of Statistics has confirmed that the 2016 economic recession (1.51% decline) was a full year recession, and the worst in the country's history since 1987 when according to the World Bank data, Nigeria also had a full year decline in gross domestic product (GDP) put at 10.8% compared to 1991 and 1995 when it recorded full year economic declines of 0.6 and 0.3 percent respectively (Tijani, 2019). Yet, with all these recessions, for over three decades, rather than celebrate economic recovery/growth and development, Nigeria moved from

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the enviable position of the fastest growing economy in Sub-Saharan Africa to one of the least developed countries in the World. Nigeria's per capita income dropped from around $1100 (thanks to the oil windfall) to the accolade of one of the most corrupt countries in the world, sliding down to a per capita income of about $340 (Salisu, 2000). Presently (in 2019), Nigeria ranks amongst the least developed countries in the United Nations' and World Bank league tables, with a crisis-torn educational system, rising unemployment and crime rate. As the British Prime Minister, Theresa May observed during her August 2018 visit to African countries, Nigeria's condition is a developmental paradox: with increasing wealth and rising inequality, and following the Brookings Institute's classification of Nigeria as the poverty capital of the world, Nigeria has sadly become the home of the highest number of poor people in the world, were 87 million Nigerians live on less than $1.90 a day (*www.vanguardngr.com*, 2018/8; www.premiumtimesng.com, 2018/8). Let's face the truth,

> Nigeria is not the only country that has experienced economic recession. Several other countries have also gone through recession in different phases and have recovered in varying degrees. They include: Korea, Hong Kong and Southeast Asia 1997-1998. United State of America 1974-1975, double deep recession in 1949 and 1980-1982, Japan in 1993-1994, Thailand 1997-1998, Australia 1931-1932, United Kingdom in 2000 and Venezuela double deep 2015-2016 (Chossudorsky, 2010; Richard, 1960).

If any known market economy would have escaped a recession, it would have been the US economy. Yet, despite prudent economic management, the US economy has also experienced periodic recessions that translated into a Great Depression and economic development.

Though the Great Depression of the late 2000s was a period of general economic decline experienced in world markets at the time, and which the International Monetary Fund (IMF) described as the worst global recession since World War 11, its scale and impact varied from country to country across the developed and developing nations of the world (Davis, 2009). For

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the developed world, it drew attention to the unpleasant nature of risky investments where recession serves as an inevitable stage of the business cycle that leads to recovery and growth. But for the developing countries, the negative impact appear long lasting, beginning with less job opportunities, greater income insecurity and higher risk of falling into poverty (ECOSOC, 2009). Thus, while developed countries see recession as an opportunity to a greater economic recovery and growth, in developing countries like Nigeria, recession appears to be an anathema in a development paradox; which raise the following questions:

1. What is the nature of recession in developing countries like Nigeria?
2. Why has recession failed to provoke sustainable development for Nigeria?
3. What economic and non-economic policies are applicable solutions to the problem of recession and for sustainable development in Nigeria?

Thus, guided by relevant theories, this paper aims at the following objectives:
(1) To determine the forces that lead to recession in developing countries like Nigeria.
(2) To explain why recession has failed to provoke sustainable development in Nigeria, and
(3) To provide policy recommendations on how best to resolve the problem of recession for the attainment of sustainable development in developing countries like Nigeria.

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THEORY AND METHOD

Economic and non-economic theories diverge and complement each other in conceptualizing and explaining the relationship between recession and sustainable development in Third World countries. Recession has hitherto been perceived as an economic phenomenon; as a result, our conceptualization and discussion of the meaning and source of recession will be guided by the economic theories and substantially complemented by the non-economic theories. The economic theories include the orthodox classical-mercantilist and non-orthodox Keynesian theories on one hand, and on the other hand, by the non-orthodox radical economic and non-economic theories/perspectives, in search of explaining the source and solution to recession in Third World countries like Nigeria. The non-orthodox radical economic and non-economic theories/perspectives include the international political economy perspectives -- the World

System/Centre-Periphery and Self-Reliance approaches. In our discussion, the radical theories are strengthened by the comparative-phenomenological analysis -- Max Weber's *verstehen* (understanding the subjective meanings and definitions of individual actors), W.I. Thomas' definition of the situation and Cooley's sympathetic understanding of the Nigerian situation (Timasheff and Theorderson, 1976; Unanka, 2004).

Economic Theories

The prominent proponent of the **orthodox classical economic theory** of development, Adam Smith, in his *An Enquiry into the Nature and Causes of the Wealth of Nations* (1776), based his theory on laissez-fairism and insisted that for national development, private individuals should control the economy. According to his argument, individual persons are the best judges of their own interests and should be left to freely pursue those interests to maximize their own wealth. As he argued, when every individual freely maximizes his own wealth, all the maximized individual wealth translates into a maximized aggregate (national) wealth (Amacher & Ulbrich, 1986: 29). Smith insisted that the economy should be regulated by natural law or the profit motives of the private individual. The classical theory posits that market forces operated in the system to maintain full employment and productivity; thus at full employment (providing the factors of production – skill and efficiency of the human and material/technological resources and organization, the aggregate output is kept at high productivity level (Eneji et al. 2017).

The classical economic theory advocates for absolute and comparative advantages in free international trade coupled with aggressive mercantilist policies to stimulate exports and reduce imports, as well as the accumulation of capital through trade and exchange rate manipulations. Mercantilism is a system in which a country amasses wealth through trade with other countries, exporting more than it imports. The western colonial and imperialist powers found the classical-mercantilist economic theories very profitable in their relationship with Third World countries.

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As the experiences of the Great Depression of the 1930s led the Western World to review the idea of laissez-fairism, John Meynard Keynes proposed his non-orthodox economic theory, arguing that the ailing economy of the West could be revived through demand, employment and consumption. Disagreeing over the concept of self-regulatory equilibrium, the Keynesian theory argued for regulations to increase aggregate demand, money supply, planned spending, interest rates regulation, increasing government spending/stimulus. While effective consumption and investment demand determines the volume of employment, the total employment in a country determines the total income, which in turn leads to greater employment. In this thinking, to ensure economic development, consumption must be stimulated continuously while the supply of material goods (including physical capital) increases uninterrupted. Keynes believed that the era of classical economics is over and therefore rather than allowing for an economy regulated by market forces, there is need to allow for government intervention in other to promote full employment. The multiplier effect of such government intervention would translate into national development.

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Unfortunately, both the classical and Keynesian theories failed to consider the nature and level of development of the state as competitors in a free international market economy where weak (periphery) states (e.g. Nigeria) may lack the ability to effectively regulate its economy or to compete favorably in a liberal international capitalist market environment.

Non-Orthodox Radical Economic and Non-Economic Theories/Perspectives

Proponents of the world system approach (Wallerstein, 1974; Amin, 1976; Chirot, 1977; Portes, 1976; Rubinson, 1976) strongly believe that recent perspectives which focus on the "**world economy**" and the attendant "exploitative" linkages among the constituent political units of the world system appear to have stronger analytical power than the orthodox and non-orthodox

economic theories. The neo-Marxist/World-System/Dependency theories hold that the penetration of the industrialized capitalist countries into the economy and social life of the Third World countries created a lopsided, dependent and exploitative economic relations against the Third World to perpetuate their underdevelopment (Wallerstein, 1974; Amin, 1976; Stevenson, 1978; Jalee, 1968; Chirot, 1977; Portes, 1976; and Rubinson, 1976; Andre Gunder Frank (1969) and Pierre Jalee (1968).

As Stevenson (1978) summarized this model:

> Neo-Marxists, such as **Andre Gunder Frank** have argued that mercantile capitalist colonialism penetrated the countries of Africa, Asia and South America, plundering the resources of those areas of the world and destroying their indigenous production system in order to force them to serve the economic ends of the European colonial powers. … The economic surplus of the **colonies** were siphoned off by the **mother-countries (metropoles)** contributing substantially to the development of the latter (**metropole/center countries**) and the underdevelopment of the former (often referred to as **satellites or peripheries**). ... This exploitative process of the peripheries by the metropoles has continued up to the present day although the form has changed from mercantile colonialism to laissez-faire industrial neo-colonialism to multinational corporate neo-colonialism.

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This situation led to what Samir Amin called the "theory of unequal exchange" – a relationship that shows the fundamental difference between the model of capital accumulation and economic and social development that characterizes a self-entered system and that of a dependent or periphery system (Unanka, 2001, 2008)..

Admitting that dependency leads to underdevelopment, but nonetheless, believing that dependency is not necessarily a result of the plundering/stealing and destruction of the resources and indigenous production capabilities of the Third World by the Western and European capitalist nations as Amin (1969), Frank (1969), Jalee (1968) and the likes have argued, but rather due to an outward-looking culture of the people in the underdeveloped/Third World countries, this paper establishes the link between self-reliance theory and the World

System/Dependency model as a viable alternative in the search for the right path to sustainable development in Third World countries like Nigeria.

A dependent nation is one whose people are not involved in the production of goods and services (including decision-making) and therefore who must depend on the goods, services and decisions produced elsewhere and by other people for their survival. Dependency could be external or internal. It is external when a country depends on goods and services produced through economic stimulations and employment abroad for its survival. It is internal when a country/state depends on goods and services (including road construction) produced or assembled within the country by foreigners or foreign companies.

As long as a people are outward-looking and depend on goods and services produced externally or internally by foreigners, a dependency culture of unemployment, poverty and recession/depression entraps them. On the other hand, when a people are inward-looking (i.e., being self-reliant) a **participatory productive culture** of full employment and sustainable development beholds them. Again, here lies the inextricable link and relevance of the World System/Dependency theory and the Self-Reliance approach in explaining the problem of recession and sustainable development in developing countries like Nigeria.

Thus, while the world system approach exposes dependency as the root-source of underdevelopment, the self-reliance model sees the promise of development in depending on the energy and skills of the indigenous people (Abdalla, 1980; Unanka, 2008). Tanzania's former leader, late President Julius Nyerere illustrated his brand of the self-reliance theory in the famous 1967 policy – Education for Self Reliance, advocating that high priority must be placed on rural development, linking formal schools to the communities they served, ensuring that schools use local resources and in turn teach adults in the community, and schools (like other

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institutions) are to become "production units" based on the principle of self-reliance (Sheffield, 1978; Unanka, 2001).

CONCEPTUALIZATION

RECESSION

The Merriam-Webster Dictionary defines recession as the act or action of receding or withdrawal -- a period of reduced economic activity. In this broad, lay sense, the word recession is used by people to refer to a period of ongoing hardship or perhaps, depression.

In an academic sense, economists use the word recession to refer to the **normal contraction phase of a business cycle** -- a business cycle contraction, which though resulting in a slowdown in economic activity, also results in an economic recovery plan that leads to economic development in some countries. It is "a significant decline in economic activity spread across the macro economy, lasting more than a few months, reflecting negatively (**in two consecutive quarters**) in the technical indicators of industrial production, employment, inflation, household and business income, investment spending, wholesale-retail trade and real gross domestic product (GDP) (NBER & CBN in Eneji et al. 2017; Investopedia; Amadeo, 2017). Statistician Julius Shiskin, in a 1974 New York Times article suggested a rule of thumb of two down consecutive quarters of GPD for defining recession. Unemployment stands prominent as an indicator of recession because, since unemployment never reaches 0 percent and is always high during recession, neoclassical economists argue that there is a "natural rate" of unemployment which, when subtracted from an "actual rate" reflects a negative indicator of the health of an economy as it tends to correspond to possible loss in GDP (The Saylor Foundation, 2012, cited in Wikipedia). Loss of jobs impacts families negatively as it affects the health and well-being of individual members.

Types and Causal Factors

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Though recession is believed to be usually triggered by financial crisis, credit crunch, as well as demand and supply side shocks (Kamar, 2012), there are about five major causal types of recession, viz: balance sheet/Great Recession, financial crisis/liquidity trap, Global Recession, depression and socio-psychological/political recession.

High levels of indebtedness or the bursting of a real estate or financial asset price bubble can also cause what is referred to as **"balance sheet recession,"** which occurs when the economy slows down because a large number of consumers or corporations pay down debt (i.e., save) rather than spend or invest. In such situation, when large numbers of people are stuck with paying debts and they stop buying new assets, the prices of the assets fall below the value of the debts incurred to purchase them (via high interests added), thus rendering the consumers insolvent. According to economist Richard Koo (2009), a typical example of a balance sheet recession was *Japan's "**Great Recession** of 1990*, which was triggered by a collapse in land and stock prices and the assets of Japanese firms became worthless against their liabilities. This happened because despite zero interest rates to encourage borrowing, Japanese corporations opted to pay down their debts from their own business earnings rather than typically borrow to invest. When this happened, corporate investment, a key demand component of GDP fell enormously (22% of GDP) between 1990 and 2003.

The term **Great Recession** is also used to refer to the sharp decline in economic activity in the *United States 2007-2009* when households were faced with increasing mortgage payments and the household debt as a percentage of annual disposable personal income rose from 77% in 1990 to 127% in 2007 (*Economist*, Oct. 30, 2008; *NYTimes*, Dec. 13, 2010). As their adjustable rate mortgage payments increased and they began to default in record numbers, it rendered mortgage-backed securities worthless.

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It needs be noted that in the years leading to the recession, the United States of America experienced an exorbitant rise in asset prices and associated boom in economic demand (Wearden, 2008). At the time, the U.S. shadow banking system – a non-depository financial/investment banking system had grown to rival the depository banking system, yet was not subject to the same regulatory oversight on the depository system, making it vulnerable to a bank run (Andrews, 2008). The failure of the **shadow non-depository banking system** disrupted the flow of credit to consumers and corporations (Gary, 2009).

In all, the collapse of the US housing market, the mortgage-backed securities and the shadow-banking system added up and sparked off a **financial crisis** as it jeopardized the solvency of banks and financial institutions in the United States and Europe. Thus, economist Krugman (2009, 2010) described the U.S. 2008/2009 recession also as **a liquidity trap**, which incidentally engulfed all the developed countries, involving 70% of the world's GDP.

Thus, the G20 in its "Declaration of the Summit on Financial Markets and the World Economy" of November 15, 2008" implicated **the forces of international capitalism** as the cause of the Great Recession, stating as follows:

> During a period of strong global growth, growing capital flows, and prolonged stability earlier this decade, market participants sought higher yields without an adequate appreciation of the risks and failed to exercise proper due diligence. At the same time, weak underwriting standards, unsound risk management practices, increasingly complex and opaque financial products, and consequent excessive leverage combined to create vulnerabilities in the system. Policy-makers, regulators and supervisors, in some advanced countries, did not adequately appreciate and address the risks building up in financial markets, keep pace with financial innovation, or take into account the systemic ramifications of domestic regulatory actions.

Since the developed countries account for over 70 percent of the world's annual GDP, a balance sheet/Great Recession in the western developed countries (e.g. the United States) is

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enough to spark off socio-psychological/political recession in the developing countries and consequently, a global recession.

Before 2009, the IMF defined **global recession** as a global annual real GDP growth of 3.00 percent or less, but by 2009 it changed the definition to:

> A decline in annual per-capita World GDP (purchasing power parity weighted), backed up by a decline or worsening for one or more of the seven other global macroeconomic indicators: Industrial production, trade, capital flows, oil consumption, **unemployment rate,** per-capital investment, and per-capita consumption (Davis, 2009; World Economic Outlook, 2009).

Following the U.S. Great Recession, **global recession** resulted in a sharp drop in the volume of international trade, rising unemployment and slump in commodity prices – a situation that led economists predict it would be the worst since the Great Depression of the 1930s and the beginning of a second Great Depression (Isidore, 2008; Finch, 2009; Krugman, 2009).

Great Recession, which played Great Depression in Third World countries, occurred during the 1930s, with GDP decline in excess of 10% and an unemployment rate that briefly touched 25%. Though no explicit criteria exists to differentiate a bad recession from a depression, there appears to be some agreement in some quarters that a severe (10% down in GPD) or **prolonged (3-4 years) recession** specifically defines a **depression –** a characteristic of Third World countries like Nigeria, with attendant socio-psychological/political ramifications.

Recession could be **socio-psychological/political** when companies reduce employment to save money rather than invest, often as a reaction to external market forces and consequently fear **or** expectation of a slowdown in economic activity, which could be signaled by drop in consumer confidence and general frustration among the populace (Samuelson, 2010). Usually, when there is no appropriate government policy (political) response to recession, as often occurs

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in dependent Third World countries like Nigeria, the economy slips down to depression (Eneji etal, 2017). In such depressed economies, sustainable development tends to be unattainable.

SUSTAINABLE DEVELOPMENT

Sustainable development is a type of development that is characterized by equity and that is socially responsive to the problems of poverty and inequality between classes, communities and nations; it advocates for development that accounts for ecological and environmental balance to avoid development today at the expense of tomorrow -- ensuring that technological, economic and social development today does not compromise **human needs** in the future (Unanka, 2008).

In August 2015, the United Nations member states, following and expanding on the eight Millennium Development Goals (MDGs) of 2001, established the following 17 **Sustainable Development Goals (SDGs)** to guide in framing the agenda and development policies of member states over the next 15 years, ending 2030. **The 17 SDGs** officially adopted at the UN summit in New York in September 2017, and which became applicable from January 2016 (*The Guardian, 2015*), are as follows:

The 17 SDGs

1) End poverty in all its forms everywhere 2) End hunger, achieve food security and improve nutrition, and promote sustainable agriculture 3) Ensure healthy lives and promote wellbeing for all at all ages 4) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all 5) Achieve gender equality and empower all women and girls 6) Ensure availability and sustainable management of water and sanitation for all 7) Ensure access to affordable, reliable, sustainable and modern energy for all 8) Promote sustained, inclusive and	10) Reduce inequality within and among countries 11) Make cities and human settlements inclusive, safe, resilient and sustainable 12) Ensure sustainable consumption and production patterns 13) Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum) 14) Conserve and sustainably use the oceans, seas and marine resources for sustainable development 15) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss

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sustainable economic growth, full and productive employment, and decent work for all 9) Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels 17) Strengthen the means of implementation and revitalize the global partnership for sustainable development

In the light of the above 17-goals, sustainable development predominantly encompasses the satisfaction of human needs, i.e., the achievement of human development. Therefore the achievement of human development (satisfaction of basic human needs) provides the ladder to attainment of sustainable development.

Several alternative but significantly supplementary and interrelated operational definitions/measurements of human development are applicable in development studies. These measures include the Physical Quality of Life Index (PQLI), the Human Development Index (HDI), the Human Freedom Index (HFI), the Human Poverty Index (HPI), the Gender-related Development Index (GDI) and the Gender Empowerment Measure (GEM). In each of these measures, **national development as human development** is a nation's score on an index of basic human needs, notably the HDI. The HDI is a simple average of the life expectancy index, educational attainment index and adjusted real GDP per capita (PPP$) index (Unanka, 2008).

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RECESSION IN NIGERIA: WITHER SUSTAINABLE DEVELOPMENT

According to the National Bureau of Statistics, Nigeria had a full year recession in 2016 with a 1.51% decline in GDP -- the worst in the country's history since 1987. Yet, the socio-economic situation in Nigeria since after the so-called period of economic recession seem to have worsened, contrary to the prediction of the economic theory. As an economically slavish neocolonial state, the Nigerian economy has no doubt been characterized continuously with the symptoms of recession -- "a manifestation of long-term ills in the structure of the economy" that

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became full-blown under the Buhari government, which seems to affect the country's socio-political structures, credit condition, general living standard, imports, production and employment (Eneji et al. 2017). Unlike other truly developing countries like China, India, Brazil, Vietnam and Thailand who depend on manufacture-exports to drive their economies, over 80% of Nigerians lack access to electricity, decent housing, portable water and good healthcare due to rising unemployment and dependence on importation of all unimaginable kinds of manufactured goods and foodstuffs, including petroleum products (Nigeria's sole major foreign exchange earner), toothpick, rice, fish, cassava starch, sugar, tomatoes, garments, cars, electronics, etc. etc.

Nigeria's recession problem is complicated because her major (or sole) export commodity and foreign exchange earner is crude oil. Unfortunately, Nigeria has no control over the production and pricing of crude oil. Nigerian crude oil is produced by foreign multinational oil companies and the price of crude is set by international market forces. In other words, Nigerian recession is linked to externally controlled forces. Nigeria's recession became full-blown at a time when she was faced with the twin problems of reduced volume of exports of crude oil and reduced price of crude oil. The problem was compounded because, since the recession resulted to reduced revenue, and federal and state budgets cannot be funded adequately, they resorted to external borrowing and debts financing.

The problem is that Nigeria's oil-dependent economy is tightly integrated into the world economy, in which Nigeria has no control. Oil price dropped because the U.S. looked inwards as a result of the Great Recession. Consequently, U.S. had an oil boom through growth in shale oil production since 2008 and haven cut imports from OPEC in half for the first time in 30years, it reduced or virtually (at a point) stopped the importation of crude from Nigeria (Peterson, 2014). And more recently (after the US Great Depression), the fall in oil price from $115 (June 2014) to

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under $35 (Feb. 2016) has been stunning, similar to the decline in 2008-2009 at the outset of the global financial crisis, which was entirely due to a collapse in demand (Rogoff, 2016). Thus, following the US Great Recession, the U.S. demand for oil dropped and with the consequent drop in oil price, Nigeria's economy suffered the impact (Amadeo, 2017).

Summarily the recession in Nigeria was caused remotely and majorly by --

- The collapse – bubbling/boom and bursting of the U.S. Housing Market.
- The failure of the non-depository U.S. shadow banking system.
- The financial crisis in U.S. and Europe, and
- The forces in the international/world capitalist system

When the above external forces reflected in the oil price, the Nigerian economy started to bleed profusely. This is because, Nigeria has a mono-product economic structure, lacking in economic diversification and suffering from over-reliance on imports. Exports and imports are part of the components of GDP. Exports drive growth while imports cause dependency and retard growth. Thus, the so-called recession in Nigeria is driven by the productive market forces in the developed countries of the world economy where oil is used for production of goods and services that Nigeria eventually imports. Unfortunately, Nigeria is not a productive member of the world economy. Rather, Nigeria is a "reproductive" member of the world community, where it boasts of high population growth rate over a declining GDP. Hence the *Nigerian Tribune* of June 22, 2017 reported the United Nations' projection that Nigeria would become the 3rd most populous country on earth by 2050.

In their recent study on the "Impact of Economic Recession (on) Sustainable Development in Nigeria, Eneji et al (2017) found that in Nigeria, besides capital expenditure on public goods – education, healthcare and infrastructure as percentages of GDP being dismal in

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line with the findings of Ebong et al (2013), economic recession has had serious negative impact on government revenue, employment, income vulnerability, inflation, human health and infrastructural supply, and with aggregate poverty growing at 25% along with the growth in GDP, and following the loss of jobs (and) loss of income, the cost of living has gone astronomically too high for the core poor and the middle class. Besides, there is sharp decline in savings and investment, and with decline in the stock market activities, some investors have pulled out their funds from the stock market due to high risks and uncertainties.

In March 2017, the Federal Government of Nigeria released **The Economic Recovery and Growth Plan (ERGP)** designed to be a roadmap for Nigeria's economic recovery, growth and sustainable development. The ERGP is available on both the Ministry of Budget and National Planning website (www.nationalplanning.gov.ng) and that of the Budget Office (www.budget office.gov.ng). According to a release by the Media Adviser to the Honorable Minister of National Planning,

> The **core** vision of the Plan is one of sustained inclusive growth. … The thinking behind the development of the Plan was driven by several fundamental principles, including a focus on tackling constraints to growth, leveraging the power of the private sector and promoting national cohesion and social inclusion as well as allowing markets to function. The Plan has three broad strategic objectives which are expected to help achieve the vision of inclusive growth, restoring growth, investing in the people, and building a globally competitive economy (Akpandem James, 2017).

As discussed in the FRCN "Good Morning Nigeria" program of May, 17, 2017, it was in pursuit of the vision and principles of the ERGP, that the FG launched the FGN Savings Bond as part of efforts to get Nigeria out of recession. As the program explained, the FGN Savings Bond was open to all Nigerians of all income groups, calling on them to invest their money in the FG savings bond at 13% interest rate, hoping that it will **lead to sustainable wealth creation.** How far or close Nigeria is on this Keneysian path to sustainable development is reflected in the data

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comparing Nigeria's position with selected countries on some vital economic and human development indicators, presented below in Table 1.

Table 1: Summary Vital Statistics on Population, GDP, Unemployment and Human Development of Selected Countries

	1		2		3a	3b	4	5	6			7	8	
									HDI			HDI	Poverty Index 2006-17	
Countries	2017 Projected GDP $Billions	Rank	2016 Project GDP/Cap	Rank	2015 Population (Millions)	Avrg Annual Pop. Grwth % 2010-15	2016 Proj. GDP Growth %	Unemployment % (2016)	2010	2015	2018	*Rank	Pop in Multidim Poverty	Pop in Severe Multidim Poverty
China	23,194	1	16,676	81	1,376	0.6	6.5	4	0.70	0.73	0.75	H	4.0	0.35
U.S.A	19,417	2	59,609	13	321	0.9	1.5	4.7	0.91	0.92	0.92	VH		
India	9,489	3	7,153	124	1,311	1.3	7.6	5.0	0.58	0.62	0.64	M	27.5	8.6
Japan	5,420	4	42,860	30	126	-0.2	0.5	3.2	0.88	0.90	0.90	VH		
U.K.	2,905	9	44,001	27	64	0.5	1.8	4.8	0.90	0.90	0.92	VH		
Ghana	131	79	4,650	139	27	2.0	3.3	5.2	0.55	0.57	0.59	M	28.9	9.6
Nigeria	**1,124**	**23**	**5,960**	**132**	**182**	**2.1**	**-1.7**	**13.9**	**0.50**	**0.52**	**0.53**	**L**	**52.0**	**32.7**

9. UNEMPLOYMENT RATES 2000 - 2016														
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Nigeria (9a)	**11.9**	**12.3**	**12.7**	**14.9**	**19.7**	**21.4**	**23.9**							
(9b)								**10.6**	10.0	9.7	10.4	13.9	16.2	23.1

Sources:
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Notes:

*VH = Very High HDI; H = High; M = Medium; L = Low "
The UNDP 2016 Human Development Report classifies countries on the 2015 HDI as follows:
0.80 – 1.00 = Very High (VH); 0.70 - 0.79 = High (H); 0.55 - 0.69 = Medium (M)
0.00 - 0.54 = Low (L)
It is our estimation that a country has to reach the High HDI of 0.70 to commence a meaningful journey in the world of sustainable development.

In Nigeria, rather than lead to recovery, recession has remained prolonged and translated to depression – generally causing lingering extreme poverty and suffering of the masses, depletion of right to quality education, deprivation of affordable healthcare, reduced income, decreased finances to households and businesses, decrease in sales of goods and services, reduction in business activities, increases in job losses and unemployment rate, and outright business closures.

As the data in Table 1 above shows, though Nigeria ranks 23rd in volume of projected GDP ($1.1trillion) in 2017, it's GDP/cap is low ($5,960) ranked 132rd of about 190 economies of the world. Nigeria's average annual population growth% is high (2.1) compared to Japan's -0.2, India's 1.3, China's 0.6 and USA's 0.9% (2010-15); her 2016 projected GDP growth% is terribly low (in fact negative) at – 1.7%, while India picks the world's largest growing economy at 7.6%, China (6.5%) and USA (1.5%). The statistical inconsistencies of Nigeria's National Bureau of Statistics notwithstanding, one thing is certain from the data in Table 1 below: Unemployment has been on the rise in Nigeria, from 10.6 in 2012 to 23.1% in 2018 (Ventures Business, 2017; tradingeconomics.com/Nigeria/unemployment-rate). With a 2018 HDI of 0.53, over 52% and 32% of the population in multidimensional and severe poverty respectively, a steadily declining GDP growth rate and steadily rising unemployment rate, Nigeria is far from attaining the sustainable development ladder.

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CONCLUSION AND RECOMMENDATIONS

Guided by the relevant theories and empirical insights, this paper derives the following conclusions in the relationship between recession and sustainable development:

SUMMARY

1. In the U.S. and other developed countries, recession is a normal contraction stage in the business cycle of boom/bubble and burst, leading to recovery and growth. But for a Third World periphery country like Nigeria, recession is depression – a prolonged period of rising unemployment, income security and deepening poverty, which is a reaction to external market forces of international capitalism.

2. In the search for solution to recession, the classical and Keynesian economic theories work for U.S and the Western developed countries, but they fail in Third World/developing countries like Nigeria.

3. In the World System, Nigeria is a dependent periphery nation. Nigeria is not a productive member of the world economy. Rather, Nigeria is a reproductive member of the world community, with an ever rising population growth rate and declining GDP/productivity.

4. GDP growth is not a measure or reliable ladder to attainment of sustainable development.

5. Sustainable development is characterized by equity and responsiveness to the problems of poverty, inequality, ecological and environmental balance – i.e., social development that does not compromise human needs today and in the future.

6. The road to Sustainable development is in the satisfaction of human needs and reduction/eradication of poverty. High HDI is a reliable ladder to achievement of sustainable development.

7. Nigeria's economy is oil-dependent; yet Nigeria has no control on oil price.

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8. The recent FG Economic Recovery and Growth Plan (ERGP) is guided by western economic theories embedded in the vision of "sustained inclusive growth", the principles of "tackling constraints to growth, leveraging the power of the private sector and "allowing markets to function." The Plan's vision of inclusive growth is anchored on … building a globally competitive economy in a free world market environment, in which unfortunately, Nigeria is an incapacitated periphery state actor.

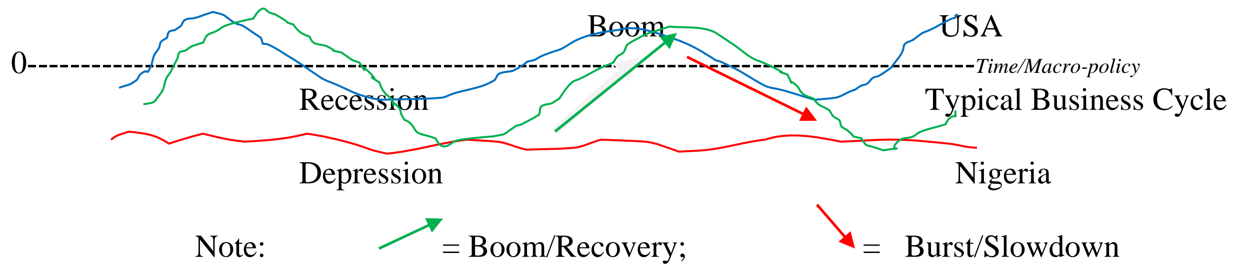
DISCUSSION AND RECOMMENDATIONS

Economic strategies for pulling an economy out of recession include monetarists' expansionary monetary policy and Keynesian increase of government intervention -- spending to **stimulate economic growth,** while supply-side economists' call for tax cuts to promote business capital investment. Thus, from the economists' perspective, solution to recession is seen as economic growth **(recovery)** through stimulus, and withdrawal of stimulus as soon as recovery is enough to "chart a path to sustainable growth." But for Third World countries like Nigeria, since dependence on importation of manufactured goods and services mean that production is going on in the foreign countries, Keynesian economic stimulus (increased spending) fails as unemployment rate continues to rise.

In response to recession, the classical orthodox and non-orthodox economic theories assume a unipolar imperialist liberal market economic order, and they advocate for macroeconomic (fiscal and monetary) policies to achieve economic growth. Unfortunately Third World countries (e.g., Nigeria) are periphery nations that are trapped in the depression pit of the international business cycle (see graph in Fig.1 below), and as a result, their economies do not respond independently to macroeconomic (fiscal and monetary) policies designed for recession in the U.S and Western Europe.

Fig. 1: International Business Cycle Graph

Growth/Dev



Consequently, radical non-orthodox economic and non-economic theories/approaches are required, not for growth, but to **liberate** Third World countries like Nigeria. A nation has to maintain a sustainable level of development to operate within the international business cycle. Nations that are unable to maintain a sustainable level of development and therefore are operating outside or at the bottom level of the typical business cycle are in a state of depression. In such nations, year after year, there is a slowdown in business due to low demand, income insecurity, rising unemployment and poverty.

We cannot agree more with Eneji et al. (2016) that **"Nigeria needs to fight the root causes, not just the symptoms of recession**. The symptoms of recession in Nigeria as reported above are as economic as the reported symptoms of recession in the United States' Great recession. But, the root causes of the recession in Nigeria are obviously more than economic as they are political-economic and social. Eneji et al. (2016) lists the root causes to include: the global economic (financial) crisis, periphery economy, global trade and political corruption. The root causes are in political economy -- the economic and political structures of the world system where the poverty of the periphery is the result of its production relations with the center countries (Amin, 1976), as well as in the political and social structure of the Nigerian state – the disorganization and corruption of the political and leadership class.

Presently, Nigeria symbolizes corruption, and is ranked 136 out of 167 countries on Transparency International's 2016 Corruption Perception Index, even as the Federal Government

hopelessly depends on/and hires foreign firms (e.g. Oracle Corporation and Microsoft Corporation of U.S.A. and Sweden's Erickson) to enhance Nigeria's fight against corruption and recovery from recession (*Punch*, July 5, 2017).

Recommendations:

In view of the above, we believe that there is not much wrong with the classical-mercantilist and orthodox economic theories in pursuing an aggressive economic development in a situation of interdependent economic relations. But for a Third World nation (Nigeria) that is trapped in the pit of depression, we recommend as follows:

1. There is need for Nigeria to be **self-reliant in the production, consumption and exportation** of manufactured goods, raw materials and foodstuffs, as well as engage in constructive population control policies. China and India are currently excelling due to their self-reliant (in-ward looking) approaches, including population control policies.

2 In the spirit of Self-Reliant-Mercantilism, Nigeria must import more of raw materials and export more of manufactured goods produced in Nigeria by Nigerians. Nigeria should strive to eat what she produces, and mostly use what she makes. What Nigeria should realize is that, by allowing the import of goods that can be produced in Nigeria, we export wealth and jobs to those countries and import recession, unemployment and poverty to Nigeria (Eneji et al., 2017

3. Nigeria should strive to be corruption-free.

4. To change the structure of the economy, secure the GDP component to the path of sustainable growth, Nigeria should embark on aggressive policies for Research and Development (R&D), promotion of industrial entrepreneurship and indigenous private sector-based economic diversification in agriculture, manufacturing, solid minerals and ICT.

5. To compete favorably in a free international market economy, and **liberate** Nigeria from depression to achieve sustainable development, Nigeria needs revolutionary political leadership that embraces the Self-Reliance philosophy and World System-Dependency awareness and therefore does not believe in the liberal open-door and beggarly policy of attracting so-called foreign investors into Nigeria. In other words, classical-mercantilism and Keynesianism will work in Nigeria only when blended with the spirit of Self-Reliance and World System/Dependency awareness and as Nigeria climbs the ladder of sustainable development.

6. To score successfully and climb the ladder in the attainment of sustainable development, Nigeria must focus and improve on social/human development (High HDI and eradication of

poverty) as well as improve on %GDP public spending on healthcare, social welfare, income security, education, infrastructure, and environmental protection.

7. Nigeria must institutionalize true participatory governance to curb corruption and enhance good governance for sustainable development.

8. In all, Nigeria needs an Economic **Liberation** and **Developmen**t Plan, not an Economic Recovery and Growth Plan as in use by the administration in 2019.

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