

The Political Economy of Nigeria's Economic Recession

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Abstract

An economic recession occurs after two consecutive quarters of negative growth. Nigeria's real GDP growth rate in Q1 was -0.36% and -1.5% in Q2. By implication, there was a contraction of economic activities occasioned from an evaporation of confidence which led to no new investments, inordinate delay in government spending during the period of acrimonious legislative squabbles in approving the budget within the period 2015- 2016. Clearly, there was a strong blend of politics and economics. This study interrogated the political economy of economic recession in Nigeria. Data was obtained from secondary materials which include books, journals, magazines, periodicals, the internet, etc. The methodology is rooted in content analysis. The Marxian theory of profit is adopted as its theoretical framework. It runs in parts as follows- introduction, the problem, theoretical perspectives, methodology, causes of recession in Nigeria, remediation, conclusion and recommendation. The major finding of the study is that contrary to widely held view that corruption and mismanagement are the causes of Nigeria's economic woes, the remote cause is rooted in class struggle among the political class who constitute the bourgeoisie. Against this backdrop, the study recommends adequate remuneration of the worker consequent upon the reduction of profit accruing to the consumption and spending from the workers. This is the only way of stimulating economic activities for purposes of recovery.

Keywords:

Political economy,
class struggle,
Economic recession,
Economic recovery,
Marxian theory of
profit.

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Background to the Study

Physical infrastructure is a comprehensive term and it encompasses facilities like electricity, piped gas, telecommunications, piped water, sanitation and sewage system, solid waste collection and disposal, roads, railways, airports, seaports, dams, irrigation and drainage system and now the mobile phones and broadband internet facilities. Most of the infrastructure facilities are consumed directly by the people. They consume piped water, piped gas and electricity, etc. They use modern transportation and communication facilities to access the information for better decisions, the job markets for employment, the goods markets for marketing their agricultural products, the hospitals for health care and the schools for educating their children. This widens the employment opportunities for the people and also increases their productivity through increased human capital. The result is high economic growth and thus, higher level of per capita income. Physical infrastructure increases productivity, reduces cost of production, facilitates the easy and wider diffusion of information and technology, enlarges markets and promotes more innovations. It affects the location decisions of investors and firms which facilitates industrialization and provision of more employment opportunities and GDP.

Empirical investigations reveal the positive relationship between physical infrastructure and economic growth and development. Aschauer (1989), in his study of the relationship between Public Infrastructure Capital and Total Factor productivity (TFP) established that “there exists a high positive correlation between public infrastructure capital and total factor productivity in the U.S economy”. The World Bank (1994, 1995, 2008, 2010), underscored the importance of physical infrastructure for better investment, business climate and thus, growth and development. Also, Doing Business Report of the World Bank (2010), has mentioned that “the availability and reliability of electricity is one of the most important contributory factors to business activity”. Another World Bank Report (2008), points out that inadequate supply of electricity and poor quality roads and infrastructure are the significant constraints for investment in the rural areas of developing countries. The International Bank for Reconstruction and Development (IBRD), the World Bank (WB), Japan International Cooperation Agency (JICA) (2005), found that a large number of Japanese firms operating in Vietnam, viewed poor infrastructure as the major obstacle to their business. These structures influence business cycles.

A business cycle refers to economy-wide (nation-wide) fluctuations in production, trade and general economic activities over medium-to-long-term in free market system. It is a feature of every economy. Such fluctuation involves periods of expansions and contractions in the level of economic activities around its long-term growth trend. Thus, they involve shifts over time between periods of relatively rapid economic growth (boom), and periods of relative stagnation or decline (a contraction or recession). Technically, when an economy records two consecutive quarters of negative growth in real GDP, it is said to be in recession. During such periods, there is usually a decline in macroeconomic indicators such as GDP, employment, investment spending, capacity utilization, household income, business income and inflation, with the attendant increase in the rate of unemployment. The only way out of such a situation is the formation and implementation of fiscal policy (taxes and government expenditure) and monetary policy (the cost and availability of money) to stimulate economic activities. As a result, demand and other macro-economic indicators pick up, and there is

increase in investment and production of goods and services in the economy. Gradually, the boom period is restored and the cycle continues. The big question is, how can fiscal and monetary policies be formulated and effected in a situation where a nation's budget is not passed and implemented following an unhealthy rivalry between members of a national assembly on one hand, and such an assembly and the executive on the other for a whole year like was witnessed in the 2016 fiscal year in Nigeria? Hence, it needs be mentioned that political differences, selfish interests and other social factors are often so strong as to clip the wings of economic factors. Also, to be considered is the fact that selfish and corrupt practices are often so strong that they even determine or influence the direction of economic institutions and agents. This indicates that, whereas physical infrastructures are vital for economic growth, the influence of political and other factors must not be relegated to the background. Given such a situation, measures to recover from such contractions must take cognizance of such political and other factors. This is the justification in looking beyond the effect/importance of physical infrastructures.

The Problem

Several recent papers/studies have investigated various links among subsets of variables which include – income distribution and growth; political instability and growth, political rights, democracy, and growth, savings, investment, and political instability. In this vein, Awujola and Ejezie (2015), investigated the global economic recession and the realistic policy option while Alley, Asekomeh, Mobolaji and Adeniran examined price shocks and the growth of Nigerian economy while Oladipo and Fadayo (2012), studied the global economic recession, the oil sector and growth of the Nigerian economy using various methods. None of these studies went the way of the political economy surrounding the root causes of Nigeria's economic recession. This is an obvious gap which the current study seeks to bridge. Against this background, this paper examines the political economy of Nigeria's economic recession.

Objective of the Study

The broad objective of this study is to examine the political economy underpinning Nigeria's economic recession. Specifically, the study seeks to identify:

1. The political factors that led to economic recession in Nigeria (2016)
2. The economic factors which contributed to Nigeria's economic recession
3. The nexus between political and economic causes of economic recession in Nigeria.

Research Questions

The questions to address in this investigation include:

1. What political factors have influenced the recession of the Nigerian economy between 2016 and 2017?
2. What economic factors contributed to the nation's economic recession?
3. Is there a nexus between economic and political factors to Nigeria's economic recession

The Literature

Conceptual Review

Physical infrastructure: The term 'infrastructure' is used in a variety of disciplines and it has no single definition. However, the 'Meridian Webster' Dictionary defines the term as "the underlying foundation or basic framework (as of a system or organization)". It runs in types.

For purposes of this paper, the term will be restricted to PHYSICAL INFRASTRUCTURE which includes – (1) Transport infrastructure e.g. roads, bridges, airports, ports, water ways. (2) Water and sanitation infrastructure e.g. water supply systems, sewage treatment systems, (3) Energy infrastructure such as dams, power plants, power distribution and transmission facilities, pipelines, (4) Telecommunication infrastructure and (5) Housing, facilities and recreation. O' Sullivan, Sheffrin, Steven (2003), view the term as including the services and facilities necessary for the economy to function". The term "came to prominence in the United States in the 1980s following the publication of *America in Ruins*" (Choate and Susan, eds).

Political Economy: This is a term that was developed in the 18th century as the study of the economies of states, or polities, hence the term political economy. It emanated from moral philosophy and used for studying production and trade, and their relations with the distribution of national income and wealth. Weingast and Donald (2008), explain that "political economy most commonly refer to interdisciplinary studies drawing upon economics, sociology, and political science in explaining how political institutions, the political environment, and the economic system--capitalist, socialist, communist, or mixed – influence each other"

Economic Recession: This may be defined as a decline in Gross Domestic Product (GDP) for two or more consecutive quarters. The Central Bank of Nigeria (2012) publication views "recession" as "a business cycle contraction which reflects a general slowdown in economic activity for two consecutive quarters".

Economic Recovery: This has the implication of pulling an economy out of recession. The Economic Recovery and Growth Plan (2017), posits that "the economic recovery and growth plan is an initiative which is expected to lead to the growth plan which is expected to lead to the growth of the nation's (Nigeria) economy by 2.19 percent in 2017 and 7 percent by the end of the plan period in 2020". This has the implication of putting the economy back on the path of progress.

Fiscal Policy: Kimberly (2017), defines fiscal policy as "Government spending and taxation which influences the economy". There are two types of fiscal policy, expansionary and contractionary. The expansionary fiscal policy is often used to pull a country out of recession. It stimulates economic growth. Contractionary fiscal policy is seldom used because it slows down growth. Monetary policy involves a nation's Central Bank in changing (regulating) money supply. Such supply increases with expansionary monetary policy and decreases with contractionary monetary policy.

Gross Domestic Product: Tim (2008), a chief in the IMF's Middle East and Central Asia Department, recently defined GDP as "that which measures the monetary value of final goods and services – i.e. those that are bought by the final consumer – produced in a country in a given period of time (say a quarter or a year)". While GDP counts all the output generated within the borders of a country, not all productive activities are included, e.g. a baker who bakes loaf for his family consumption only.

Total Factor Productivity: Comin (2016), views Total Factor Productivity (TFP) as “the portion of output not explained by the amount of inputs used in production”. This being the case, its level is determined by how efficiently and intensely the inputs are utilized in production. TFP is usually measured by the Solow residual. Technology growth and efficiency are regarded as two of the biggest sub-sections of Total Factor Productivity, the former possessing “special” inherent features such as positive externalities and non-rivalness which enhance its position as a driver of economic growth.

The Political Economy of Financial Crisis Policy

From the perspective of political economy, institutions are the “the rules of the game in a society or more formally, the humanly devised constructions that shape human interaction” (North 1990). International approaches capture the ways in which institutions mediate domestic pressures through the distribution of veto players in the political system, or try to understand how different political regimes select, structure and constrain decision-making. “Formal rules translate preferences into policy outcomes and restrain incumbents from acting opportunistically” (North and Weingast, 1989).

Banking crises can result in recession, leading to lower investment, low incomes and higher unemployment. Thus, how governments choose to intervene in banking crises is quite important for the economic and fiscal cost, as well as the duration and subsequent recovery from the crisis. Containing a crisis can help prevent disorderly de-leveraging and allow time for balance sheet repair. However, the use of certain policies to contain crises can also expose the state to significant contingent or direct liabilities. This was dramatically demonstrated by the 2008 decision of the Irish government to guarantee nearly all the liabilities of the banking system-which forced them out of the bond markets and into an EU/IMF programme of adjustment. Intervention to contain a crisis, restructure and resolve financial institutions means allocating the costs of a crisis to certain groups in society. Such decisions can lead to distributional conflicts. “Distributional conflicts are concerns about the consequences of macroeconomic policy can lead to powerful incentives to deviate from the most economically efficient outcomes” (Walter, 2013). Interventions may create perverse incentives, aggravate moral hazard and delay recovery.

Empirical investigations, Rosas (2006), suggest that “democratic regimes differ from autocratic states in their propensity towards bailouts”. That politicians are less likely to engage in bailouts under democratic regimes suggests that electoral accountability is an important determinant of crisis response. Interestingly, Chwioroth and Walter (2010), reveal that “Financial crises are generally associated with higher rates of political turnover”. From all indications, it does appear that, the success of financial sector intervention also depends heavily on effective legal, regulatory and political institutions. Cleassens, Wingeziel and Laeven (2005), observe that “better institutional development (including the quality of institutions, less corruption and efficient judicial systems) are also associated with faster economic recovery”.

The Political Economy of the Euro Crisis

Some lessons may be drawn from the European experience. In Nigeria, the approach to recovery from recession is similar to that adopted to the euro-crisis. For instance, most analyses of the in Nigeria have focused on the economic factors which revolve around the fiscal, and monetary policies/measures. It is widely believed that “the effects of the global and the Euro financial crisis have led to more lasting economic damage which is greater than the Great Depression of the 1930s” (Crafts, 2013). The political consequences have also been severe. To date, “there has been substantial economic analysis of the crisis in the Eurozone, which has recently culminated in the emergence of widely shared consensus on its causes” (Baldwin (2015). Often, economists have failed to appreciate the large role that politics has played in the run-up, evolution, and attempts at resolving this crisis.

The typical economic approach has been to note that the long-term survival of the zone requires the creation of a set of institutions to act as substitutes – such as fiscal union, banking union, and/or the establishment of a larger, permanent transfer mechanism to replace the European Stability Mechanism (De Grauwe, 2013; Lane, 2012; Pisani –Ferry, 2012).

No doubt, the economic approach provides a useful starting point. It highlights the structural problems underlying the Euro crisis and hindering its resolution: the lack of labor mobility, asymmetric vulnerability to shocks, and the absence of sufficient fiscal stabilizers. Such approach however, cannot be considered grounded and realistic in appraising the policies and their political feasibility in attempting to resolve the Euro crisis. It has led most economists to focus on the optimal design of a fiscal or banking union necessary to ensure the zone's survival, rather than developing proposals to articulate how the Eurozone can become more viable under existing political constraints.

Not surprisingly, political scientists' analyses of the Euro crisis have focused more closely on examining and understanding the domestic and international politics of the crisis.

These analyses have provided valuable insights into the effects of the crisis on important issues such as European integration (e.g. the special issues edited by Ioannou, Leblond, and Niemann, 2015; Meanz and Smith, 2013; Tosum, Wetzel, and Zapryanova, 2014), voting behavior and public opinion (e.g. special issues edited by Bellucci, Labo, and Lewis-Beck, 2012; Usherwood and Startin, 2013), the welfare state (e.g., the special issue edited by Heins and de la Porte, 2015), and democratic politics more generally (e.g., Cramme and Hobolt, 2014)

It is disturbing, however, that, just as economists often do not pay enough attention to politics, most political scientists have tended to discount the economic constraints, trade-offs, and dynamics underlying the Euro crisis and the policy options available to policy makers.

The Political Economy of the Asian Crisis

The catalogue of events which denote the “Asian” financial crisis has culminated to a global economic crisis. South Korea presents the prototype for the Asian developmental model. Hence our choice for review. A point to note is that the essence of the crisis is its inherent structural complexity which cannot be reduced to a single mechanism operating at single behavioral level. Rather, it involves a series of interlinked conflicts operating at several levels simultaneously. Some analysts have tried to identify a flawed micro foundational mechanism of the “Asian model” – such as, Krugman's (1998) model of perverse borrower-lender relations due to unwise government guarantees. Others have emphasized national policy mistakes – for instance, Grabel's (1998) argument that “over-reliance on hard-currency foreign loans without controls over portfolio investment flows triggered many recent financial crises.

Others like Paul Davidson (1998), view the Asian crisis as “a reflection of liquidity-shortage chickens coming home to roost in the post-Bretton Woods World”. In as much as one may argue to some extent with these works, it may not be easy to think that the crisis in its current form have resulted only from problematic micro-economic design, flawed national strategy, or a perverse international environment. Rather, there are reasons to believe that the crisis has arisen simultaneously as a conflict between international and national forces on one hand, and as localized struggles between capital and labor, on the other hand. Furthermore, the crisis has arisen due to long-term contradictions embedded in the structures and policies of the global neoliberal regime, political and economic contradictions internal to affected Asian nations, and the destructive short-term dynamics of liberalized global financial markets. The system is broken at so many levels that serious study of the structured complexity of global conflict must precede proposals for institutions and policy changes designed to solve the many problems created by the crisis. This holds out some lessons/implications for developing (African) countries like Nigeria.

Ab initio, economists failed to appreciate the immense role which politics has played in the run-up, evolution, and attempts at resolving the financial crises in both Europe and Asia. Not surprisingly, political scientists on their part, in their analyses, have focused more closely on examining and understanding the domestic and international politics of the crises. Thus, just as economists often do not pay enough attention to politics, most political scientists have tended to discount the economic constraints, trade-offs, and dynamics underlying the euro crises and the policy options available to policy makers. It needs be underscored that while the economic approach provides a useful starting point as highlights the structural problems underlying the euro crises and hindering its resolution, it cannot be considered grounded and realistic in appraising the policies and their political feasibility in attempting to resolve the crisis.

In respect of the Asian crisis, there is the clear fact that the crisis in its current form have not resulted only from micro-economic design, flawed national strategy, or a perverse international environment. Rather, there are reasons to believe that the crisis has arisen simultaneously as a conflict between international and national forces on the one hand, and localized struggles between capital and labor, on the other. Thus, there are often global/exogeneous political and economic factors to be considered. Africa (Nigeria) must learn to consider both the internal and external political and economic forces/influences for a good understanding of her economic crisis.

Economic Recession and African Political Economy

A cursory look at the political economy dynamics of contemporary capitalism indicates that it is undergoing a deep, nay fundamental crisis, with collapsing markets and over-production, engendering mass unemployment and cuts in living standards the world over. Bellamy (2009), identifies three critical contradictions that make up the contemporary world crisis emanating from capitalist development as – the current Great financial crisis and stagnation/depression, (2) the growing threat of planetary ecological collapse; and (3) the emergence of global imperial instability associated with shifting world hegemony and the struggle for resources.

As the global economy became engulfed in crisis, most core capitalist economies plunged into recession. In Africa, two negative external shocks are discernible: a 'financial shock' involving the curtailment of external credit, and 'trade shock', manifested in diminished demand for Africa's exports. These shocks are all the more problematic given that African economies are basically undeveloped and dependent. A cursory view of the history of capitalism and Africa's engagement will make the picture clearer. Thus, between 1870 and 1900, the imperatives of European capitalist industrialism i.e. the demand for cheap and reliable sources of raw materials, the search for guaranteed external market and profitable investment outlets, spurred the European scramble and the partition and ultimate subjugation of Africa. This imperialist push has had the most profound impact on the political economy of African development. Thus, a good understanding of the impact of the global crisis on Africa must examine ways in which African political economy and development is fundamentally shaped by the nature of her systematic integration into the global economy as primary commodity export dependent economies; shaped under colonialism and perpetuated even in conditions of post-colonialism.

Theoretical Framework

Marx's Theory of Profit

Marx's theory provides the best theory of profit as it sees profit as the all important dominant purpose of capitalist production and the main question in a theory of capitalism. Marx's theory is the only economic theory to predict that capitalism has a tendency toward periods of crises and depressions. According to the theory, crises and depressions are not accidents, or due to exogenous shocks”, but are instead inherent and inevitable due to the nature and internal dynamics of capitalism itself. The history of the “boom-bust” cycle throughout the 19th and 20th centuries strongly supports this all-important conclusion of Marx's theory.

Marx's theory of the falling rate of profit and depressions also implies definite “pre-conditions for recovery” from depressions. Since the main cause of depression is a decline in profit, the main precondition for recovery is an increase in the rate of profit. According to Marx's theory, there are two ways to increase the rate of profit: increase the profit produced per worker or reduce the capital invested per worker. Marx argued that, although increasing the profit per worker would help raise the rate of profit, such an increase by itself would usually not increase the rate of profit enough to end depression. Since the prior decline in the rate of profit was caused by an increase in the capital per worker (not a declining profit per worker), restoring the rate of profit requires a lower capital invested per worker, or what Marx called the “devaluation of capital”. The main way this devaluation of capital was accomplished during

depressions was the widespread bankruptcies of capitalist firms, which were caused by the combination of falling profits and rising debts. As a result of bankruptcies, surviving firms are able to purchase the productive assets of the bankrupt firms at a very low price, thereby reducing the amount of capital invested per worker and raising their rate of profit. This process of bankruptcies, etc. continues until the capital per worker has been reduced enough and the rate of profit increased enough in the economy as a whole for capital accumulation to resume and eventually for a period of recovery and expansion to begin (unless of course workers have succeeded in overthrowing capitalism during the depression, which is what Marx hoped for). Of course, widespread bankruptcies also worsen the economy in the short run, and many times in the past have turned a recession into a depression.

Empirical Literature

Awujola and Ejezie (2015), did a study captioned –“The Global Economic Recession phenomenon: A Realistic Policy Option – the way out. The study examined the impact of global economic recession in the context of the political economy approach. The approach illuminated the causes, dimensions and effects of global economic recession. It portrayed the global economic recession as a test for 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. The study 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.

Alley, Asekomeh, Mobolaji and Adonirah (2014), studied oil price shocks and Nigerian Economic Growth. The study employed the general methods of moment (GMM) to examine the impact of oil price shocks on the Nigerian economy using data from 1981-2012. After appropriate robustness checks, the study finds out that oil price shocks insignificantly retard economic growth while oil price itself significantly improves it. The significant positive effect of oil price on economic growth confirms the conventional wisdom that oil price increase is beneficial to oil-exporting countries like Nigeria. Shocks however, create uncertainty and undermine effective fiscal management of crude oil revenue; hence the negative effect of oil price shocks.

Oladipo and Fadayo (2012), did a study on Global Recession, oil sector and Economic Growth in Nigeria. In its analysis, the ordinary least square (OLS) method was used to reveal that there was a negative relationship between GDP and oil produced (domestic consumption and export) which is significant at 5% level of significance i.e. ($p < 0.05$). The result also showed that there exists decline in the oil sector due to the global recession despite all measures given by government to curb its effects. It recommends that the Federal government needs to regulate the sector for efficient performance, and come up with more rigorous policies that will reduce these effects on the real sector most especially the oil sector which contributes the highest percentage of the government revenue.

Methodology

This study undertakes a descriptive analysis of the root causes of Nigeria's economic recession by examining the political economy of the economic downturn in Africa's most populous nation. It adopts the content analytic approach in considering three of the under-listed causes

which are quite common in economic theory. It also attempts an analysis of the major political factors. Thus, the study seeks to solve the economic/political equation underpinning the nation's economic recession and goes ahead to proffer solutions.

Major economic factors: These include –sharper lower oil revenues, oil price decline of 56.39% from the 2014 peak, sharp oil production drop to 26.3%, under investment, the sabotaging activities of Niger Delta Avengers, wiping out of trade credit flows of approximately \$10bn, and a drop in FDI to \$1.5b (6.25%).

- (a) Sharper lower oil revenues: Sharp variations in the price of oil impacts differently on countries depending on whether such a country is an importer or exporter. Thus, “oil price rise is costly for the oil-producing country, and neither does its decline benefit them” (Atukeren 2003). Oil price movements are not beneficial to exporting countries either. Price shocks are even worse when considered in the light of uncertainty effect on consumption and investment expenditures and the consequential output loss. An empirical investigation, Altey, Asokomeh, Mobolaji and Adeniran (2014), reveals that “shocks create uncertainty and undermine effective fiscal management of crude oil revenue; hence the negative effect of oil price shocks.” When fiscal policy cannot be effectively managed, it triggers a chain of negative effects like – financial crisis, disinvestment, unemployment, low savings, consumption and recession. In Nigeria, sharper oil prices have translate to a chain of higher prices for a range of commodities and services. It has induced a general increase which is inflationary. This has an adverse toll on the economy.
- (b) Niger Delta Avengers and economic sabotage. Hostage-taking of oil workers is a common phenomenon that is associated with the Niger – Delta Avengers. This has had an adverse toll on oil production, oil revenue and even induced capital flight. Such capital flight has a multiplier effect resulting in business slowdown, investments, economic growth and productivity; it has also spurred inflation, unemployment and negatively affects the living standards of the people. Dialoke and Edeja (2017), in their empirical study of the effects of Niger Delta militants on Nigeria's economic development revealed that “a blow on oil installation will be a blow on the economy”. Such sabotage by the Niger Delta has resulted to the drop in oil production and a serious decline in government revenue. Thus, capital projects that would have enhance growth suffer serious setbacks while government continues to borrow to service current expenditures(salaries). Public debt keeps rising. This enhanced the negative growth process.

2016 National Budget Delays, Political Interests/Bickerings and Economic Recession in Nigeria

In 2015, President Obama and the US congress were at loggerheads over the extension of credit lines for budgetary funding. This resulted in the fiscal cliff which threatened to shut down the American economy. Thus, if government fiscal framework represents such a major lifeline in the affairs of an economy, it behoves on the managers of the nation's treasury to ensure the prompt release and implementation of the government's budget. This is because, “budget delayed is budget denied”, according to a popular legal truism.

The federal government's budget is the lifeline of any economy such as Nigeria. Government's fiscal dynamics remains a major gauge of business confidence which can be likened to the mother ship from which all the small boats sail. Government spending on contractors, import bills, wages and allowances trigger other multiplier effects across the broad spectrum. This translates into increased activities across the sectors. The implication is that sustained failure of government to implement the budget over the years resulted in increasing weaker effect of fiscal policies in Nigeria. This sad development has unfortunately led to a steady increase in the cost of doing business in Nigeria. Foreign investors are scared away as several multinational companies have relocated to neighboring countries or are contemplating doing so and the nation has painfully lost many opportunities of being a preferred country destination for international investors. Findings from a synopsis of the survey on the impact of Budget delay on the private sector in Nigeria conducted by Markmonitor Nigeria Ltd (N.D), revealed that, "companies and businesses suffer huge losses due to budget delay approval and poor implementation".

The 2016 budget recorded a number of firsts in the history of this nation. It is the most controversial, the first in the Buhari Change Agenda, first to be declared missing and the first to be declared padded. It is also the nation's highest in nominal terms since independence that was already in distress, the urgent need to inject government funds was hardly met. The wheels of economic progress were held down, thus facilitating the dwindle into recession. The empirical investigation, Yakubu and Akerele (2012), reveals that the "policy of regulators had deepened the recession on the Nigerian stock exchange". It went ahead to recommend that government steps up measures to boost investors confidence in the Nigerian economy. Recession, Economic and political factors – the nexus.

African countries are currently facing the double challenge of stabilizing democracy and vibrant economy at the same time. The border between politics and economics is peculiarly open for the obvious reason that states dispose of substantial material resources while production and exchange can hardly take place without some framework of security. Beyond such framework, Nigeria and other African countries depend on politicians and their political interests to determine the direction of economic indicators like investments, employment, industrialization and industrial locations, infrastructural provisions, etc. These macroeconomic variables are as dependent on such political interests, just as the political institutions are also dependent on the same economic factors and institutions. The revenue accruable to the political institutions depends on the viability of the economic institutions as well.

Going by the Marxist theory of profit which constitutes the theoretical basis of this paper, the crisis in the Nigerian economy emanates mainly from the fact that most of the revenue is controlled and appropriated by the political class to their own benefit, leaving the worker with virtually nothing for his upkeep and maintenance. The worker is therefore, discouraged with little or no incentives to boost productivity. The bottom line of this analysis rests on the fact that Nigerian economy slowed into recession following a decline in productivity which translates into low savings and investment, down to declining GDP growth rate and finally recession.

Findings

The findings of this investigation include:

1. Nigeria's economic/financial crisis is the result of long and steady decline in its GDP over the years which ends up in recession.
2. Political interests and bickerings often lead to delay in budget release.
3. Such budget delays often clip the wings of economic agents and activities, thus resulting to slow down in business.
4. The situation above has made the business environment unfavorable to both local and foreign investors.
5. Foreign direct investment is therefore, reduced as some find better business environments located in other countries.
6. While the political and economic factors are responsible for the economic/financial crisis, causation tilts more on the political factors.
7. Effective management and control of the implementation process of the budget is lacking.

Recommendations

1. Political interests and bickerings should be checked by whatever means.
2. Budget delays must be avoided
3. A policy that would ensure a conducive business environment for both local and foreign operators should be emplaced
4. Foreign Direct Investment should be encouraged
5. Adequate measure for the control and effective management of the budget implementation process should be put in place.
6. The worker as the engine of productivity must be encouraged through and appropriate wage system/policy
7. Lower taxes and incentives
8. Accommodative monetary policy (lower reserve)
9. Massive borrowing and infrastructural spending.

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