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THE MARKET IN A RECESSED ECONOMY: SELF-ACCOUNTING VIEWS, PERCEPTIONS, FEELINGS AND TALES OF WOES ON RECESSION IN ENUGU STATE, NIGERIA

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Abstract:
This article examines the market in a recessed economy: self-accounting views, perceptions, feelings and tales of woes on recession in Enugu State, Nigeria. **Method:** data for this study were collected through primary and secondary sources. The primary sources include in-depth interviews. On the other hand, data were secondarily sourced through the library and other documents dealing with recession. **Results:** Findings confirmed the complaints and grumbling by people about the hard times they are experiencing despite claim of ending recession by the government. **Conclusion:** Measures should be in place to break Nigeria's dependence on oil and make her economically viable. These measures include: providing power and infrastructure, re-energizing the agricultural sector, providing incentives for investment, kick-starting manufacturing through an industrial revolution, clear economic foreign policies, fighting corruption and enthroning transparency through the strengthening of institutions, and increased citizen participation in the governance process.

JEL: D40, H44, L11

Keywords: feelings, market, perceptions, recessed economy, self-accounting views, tales of woes

1. Introduction

Nigeria is a country that is immensely rich in natural and human resources. Ironically, despite this, the poverty rate in the country is increasing and Nigerians are battling the

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challenges caused by economic recession. Economic recession has economic consequences, which can assumed macroeconomic level in terms of reduced GDP or loss of GDP growth (Okpa & Ekong, 2017). Macroeconomic aggregates, consumption, investment, and government expenditures, can also be affected by economic recession (Okpa & Ekong, 2017). The concept of economic recession is a business cycle contraction which results in a general slowdown in economic activity. Though there have been various definitions among social researchers as to when exactly a Nation can be said to be in recession, in the words of Ajah and Okoro (2017), recession is a period of general economic decline, defined usually as a contraction in the GDP for six months (two consecutive quarters) or longer, marked by high unemployment, stagnant wages, and fall in retail sales. This range of anti-social activities constitutes a universal social problem that not only threatens sustainable development, but also compromises the stability, transparency, and efficiency of financial and electoral systems, thus undermining the consolidation of development globally (Ukwayi & Okpa, 2017).

Accordingly, the National Bureau of Economic Research (2008) has defined it as a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production and wholesale-retail sales. For Fapohunda (2012), recession is a period of economic slowdown featuring low output, illiquidity and unemployment. It is characterized by its length, abnormal increases in unemployment, falls in the availability of credit, shrinking output and investment, numerous bankruptcies, reduced amounts of trade and commerce, as well as highly volatile relative currency value fluctuations, mostly devaluations, financial crises and bank failure.

Indeed, there can be no doubt that Nigeria is still in recession. In virtually all markets, demand has shrunk, there is immense pressure on suppliers to reduce prices, markets are more focused on buying on price, and profit margins are squeezed. The fear of downfall as a result of recessionary pressures has led, and continues to lead, to a fierce slashing of budgets, in particular marketing budgets.

Loto (2012) and Ogwuma (1995) observed that in recession, there is usually a decline in certain 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 (Mbah, Chijioke, & Nebechi, 2018). In this light, Chinguwo and Blewit (2012) rightly observed that economic recession, financial crisis and climate change problems combined to make life even more difficult for many working people and their families. Similarly, Mailafia, (2016) observed that economic recession stagnates wage growth and increases the proportion of people on low pay, as well as swelling unemployment and underemployment. Apparently, it becomes increasingly difficult for socioeconomic activities to thrive under the present security threats and economic difficulties in Nigeria (Egbegi, Ajah, & Ogbonnaya, 2018).

Apparently, recession may be triggered by financial crisis and or credit crunch, as well as demand and supply side shocks. Funnily, despite the government claim of ending recession, Nigeria citizens still describe their economic situation as a nightmare owing to the fact that the incomes, did not increase as the price of commodities did. Ironically, despite efforts being made by the Nigerian government, there are no indications that this situation will reverse any time soon.

2. Causes and Nature of Recession in Nigeria

While Nigeria has a very huge market and a large labour force, the Nigerian environment is not favorable for investment. Challenges such as poor power supply, non-existent infrastructure, insecurity, and unfavorable policies have driven away foreign investment. Many companies that were operating in Nigeria have relocated elsewhere while new ventures have no incentive to invest in Nigeria. Notable companies that have relocated elsewhere include Dunlop, Michellin, and Prilleri (Agwuegbo, 2009).

Similarly, the situation is worsen by legacy factors, policy factors and political/security factors. The legacy factors involve; over dependence on oil production for government revenue, low sovereign savings, political risk and fiscal leakages and official corruption. The negative demand-side shocks that affect the aggregate demand in Nigeria work through a global economic slowdown that impacts major trading partners of a country. When there is economic slowdown in the U.S., China, India and EU, it could have negative impact on the demand of Nigerian crude oil from these countries (CBN, 2012). As a result, the price of crude oil which was sold for over $100 per barrel went as low as below $50 per barrel. Government's revenue and spending would drop, taxes will rise, disposable income will fall and aggregate demand will fall, adversely impacting the production of goods and services in the economy. These developments consequently result into economic recession (Ajah & Okoro, 2017).

Accordingly, prior to the discovery of oil, agriculture was the mainstay of Nigeria's economy. The discovery of oil has led to the abandonment of the agricultural sector. Nigeria imports some of her food, especially rice. With the abundance of both arable land, and manpower, the fact that Nigeria has a high import bill for food items is worrisome as it can be recalled that Nigeria used to export agricultural produce. Nigeria has an annual food import bill of N1.5 trillion (Otaru, 2016),

Similarly, the Nigeria's transport system is fraught with a lot of challenges which have made the accessibility of markets very difficult. Nigeria's main medium of transportation is through roads, most Nigerian roads, however, are in very bad shape and have become the scene of regular accidents. Most roads in Nigeria are very old and inadequate for the growing traffic occasioned by an increase in population. The result has been an increased transport time between otherwise short distances, higher transport fares, congestions, and accidents. The bridges are equally worn out and in need of replacement, however, little has been done. The Second Niger Bridge, for instance, has been a political issue for over a decade now, and has not been constructed (Ajah & Okoro, 2017).

From the foregoing, the policy factors involves the lack of clarity over economic policy; wrong policy choices and no strategy for private capital. A major contributor to the current economic recession in Nigeria was the denial and policy incoherence over forex policy. The ban on 41 items in a market-based forex market perpetuates multiple exchange rates. Manufacturers who rely on some of these imports will have to buy from the parallel market at a very high rates, leading to high cost of production and a rise in the general price level (inflation) (Ajah & Okoro, 2017).

Also, the inconsistencies between monetary policy which pursued monetary tightening through treasury single account (TSA), raising cash reserve requirement (CRR) and monetary policy rate (MPR) further worsen the economic sanity. Furthermore, the budget relies exclusively on borrowing for fiscal stimulus in the absence of private capital strategy. And the big gap in policy is the lack of a strategy to leverage and optimize private capital. From the preceding, the consequence of policy factors has resulted in low investment and market confidence from both domestic and foreign investors and has impacted forex flows, foreign direct investment (FDI), new domestic investment, capital markets, employment and economic growth negatively. The political/security factors involves the impact of Niger-Delta militancy on oil production, impact of herdsmen/farmers conflicts on agricultural production across the country, but particularly in the North-Central and the continuing (though reduced) impact of Boko Haram activity on agricultural output and trade in North-East and impact of grave internally displaced persons (IDPs) situation in the region has contributed to the current economic recession in Nigeria (Shido-Ikwu, 2017).

3. Consequential Challenges of Economic Recession

Economic recession is a phenomenon, which affects almost any, if not every, aspect of individuals who rely on money and the common market. When a country is in the phase of recession, the economy is far from the point of effective use of resources, that is, far from the optimal production and the natural rate of unemployment (Nikoloski, & Lazarov, 2000). In the words of Mailafia, (2016), economic recession stagnates wage growth and increases the proportion of people on low pay, as well as swelling unemployment and underemployment. Accordingly, Bauer (2009) noted that economic recession and the global financial crisis have inter-linkages with poverty incidence in developing countries.

The present economic recession causes extreme poverty and suffering of the masses, children's right to quality education, affordable inclusive healthcare are deprived, there is adverse demand and supply shocks. It has inflationary effects on aggregate demand and supply resulting to volatile shocks in economic activities. There is scarcity of foreign exchange, few money, reduced income, decreased finances available to households and businesses (Eneji, Dimis & Umejiaku, 2017)..

There is also weak purchasing power, reduced consumer spending and decrease in sales of goods and services. The purchase of goods and services by individuals, households and firms has drastically reduced as a result of the economic recession. Business activities are now at the low ebb, there are jobs losses and increase in unemployment rate. The reduced employment is due to decreased sales of goods and services by business owners, companies, street vendors, farmers, shop owners, retailers and wholesalers. The aggregate spending power has sharply declined Following the loss of jobs is the loss of income; the cost of living has gone astronomically too high for the core poor and the middle class. There is sharp decline in savings and investment; decline in the stock market activities, as some investors have pulled out their funds from the stock market due to high risks and uncertainties (Eneji, Dimis & Umejiaku, 2017).

Similarly, there is always increase in the crime rates as life gets harder for a greater number of the population(the poor), living conditions are getting worse, crime rates have escalated; increase in robberies, petty stealing, street hawking, kidnapping, child trafficking, fraudulent schemes and other financial crimes. The aggregate poverty incidence continues to increase. There is also budget deficit in government spending. The national and state budgets are experiencing spending difficulties due to shortfalls in government revenues. The governments are borrowing as an option to cover for the fall in revenues. This has geometrically increased the debt burden of the federal and state governments (Eneji, Dimis & Umejiaku, 2017).

Human capital indicators or social indices are fast declining, worse still, as oil revenue continues falling. The economy is deteriorating in human development indices, the quality of education and healthcare has collapsed, with abject poverty, acute hunger and starvation prevailing amongst the poorest poor.

4. Theoretical Framework

Keynesian economics theory was developed during and after the Great Depression, from the ideas presented by John Maynard Keynes in his 1936 book, The General Theory of Employment, Interest and Money (Hunt, 2004). Keynesian economists generally argue that, as aggregate demand is volatile and unstable, a market economy will often experience inefficient macroeconomic outcomes in the form of economic recessions (when demand is low) and inflation (when demand is high). These can be mitigated by economic policy responses, in particular, monetary policy actions by the central bank and fiscal policy actions by the government, which can help stabilize output over the business cycle (O'Sullivan & Sheffrin, 2003). Keynesian economists generally advocate a managed market economy predominantly private sector, but with an active role for government intervention during recessions and depressions (Binder, 2017).

In this premise, government has a very big role to play in speeding up Nigeria's salvation out of the current recession. The government should restore investor confidence by adopting clear and sensible economic policies. One of the blunders of the present administration was to wait for over six months after election before naming a cabinet; this created a lot of panic and uncertainties that prompted the exit of foreign investments. The government of the day does not even have a clear economic policy in place. The Economic Management Team, headed by the Vice President Professor Yemi Osinbajo, has also been criticized for lacking economists and technocrats who would bring about sound policies that would boost the fortunes of the nation. Currently, the Economic Management Team comprises of the Vice President, Central Bank Governor, Finance Minister, and other Ministers and Directors in the current administration (Wakili, 2016). In an attempt to plug leakages and fight corruption, the current administration has found itself micromanaging every aspect of Nigeria's existence without giving room for expert advice, this has yielded antithetical results and created more problems than were solved (Ajah & Okoro, 2017).

5. Methodology

Cross-sectional survey design was adopted for this study. The choice of this design derives its relative importance in the collection of accurate information from respondents at relatively low cost and greater efficiency (Ipole, Agba, Okpa, 2018). Obodoeze (2005) remarked that a cross-sectional survey refers to a method whereby researchers select representative samples of individuals within the various specified stages of development and studies these samples at the same time in order to ascertain the problems and attributes exhibited by the various representative samples at the various stages of development. This design was chosen for this study because it enabled the researchers to gather wide range of relevant data on the Nigerian recession. Accordingly, data for this study were collected through primary and secondary sources. The primary sources include in-depth interviews. On the other hand, data were secondarily sourced through the library and other documents dealing with recession.

Primarily, responses from respondents, as were generated through interviews, were subjected to content analysis, in a similar light, purposive sampling technique which is a non-probability sampling technique was adopted in this study.

6. Results and Discussions

The narratives of our research participants contain an array of both latent and manifest viewpoints, perceptions and feelings they are confronted with regarding economic recession. The respondents complained of hardship in the country, and this is evident in their responses. A 31 years businessman narrated his condition thus:

> *"The economy has negatively affected my income as a business person. Some of my customers have not been able to pay the debts they owed me for months due to lack of money. Things I used to buy for my family have been suspended because I have to prioritize so as to be able to pay my children's school fees and other fees. Prices of food*

items and drinks have sky-rocketed beyond the middle class standard, how much more the poor masses".

This was corroborated by a 42 years old buyer who lamented:

"The masses are facing hard times. If you able to get food for your family and keep your children's school fees, you are alright," she added.

Also, 29 years old businessman noted:

"People are not buying our goods at all. When we sell we get money, but we are not selling, where then do we get money to pay for other of our needs. People say there is no money to buy cloths which I sell. Really, the economic recession in the land is biting harder. I'm just trying to live within my means. Things are very difficult. However, despite the recession, we will survive the situation no matter the situation".

The above grim picture was captured by Bauer (2009) when he stated that economic recession and the global financial crisis have inter-linkages with poverty incidence in developing countries.

In the opinions of the respondents, low patronage by customers in contemporary Nigeria is alarming. A trader bemoaned poor patronage by customers thus:

"The market is dull, people are complaining of lack of money. You can see my shop is full with varieties of goods but customers are not buying them. I don't know how I will recover my money if I fail to sell these goods. The economic recession has made many people to be poor and things are expensive".

The above finding was supported by Eneji, Dimis and Umejiaku (2017) when they stated that recession has caused weak purchasing power, reduced consumer spending and decrease in sales of goods and services. The purchase of goods and services by individuals, households and firms has drastically reduced as a result of the economic recession. Business activities are now at the low ebb, there are jobs losses and increase in unemployment rate. The reduced employment is due to decreased sales of goods and services by business owners, companies, street vendors, farmers, shop owners, retailers and wholesalers. The aggregate spending power has sharply declined Following the loss of jobs is the loss of income; the cost of living has gone astronomically too high for the core poor and the middle class. There is sharp decline in savings and investment; decline in the stock market activities, as some investors have pulled out their funds from the stock market due to high risks and uncertainties (Eneji, Dimis & Umejiaku, 2017).

Ironically, despite government claim that Nigeria is no longer in recession, the effect of the recession is still felt in the country. A 45 years old civil servant narrated this gruesome condition thus:

"There is simply too much suffering around us. The cost of living has gone high that the ordinary man has simply lost hope. The basic needs of life: food, fuel, clothing, housing, healthcare etc, are out of ordinary man's reach.

This was corroborated by a 60 years old civil servant who lamented that:

"There are no signs that we have gotten out of recession as announced by the government. It's all propaganda. The economy is still wobbling. Nothing is working. The salaries cannot take you home talkless of taking care of your needs for a month. But we just thank God for preserving our lives and we trust in him that he will see us through."

Also, a 20 years old student noted that:

"Our parents cannot afford to change our wardrobe because of the recession. Things are really bad compared to some years back when the economy was buoyant. It's really not the best of times for Nigerians. That's why our people prefer the torture they undergo in Europe than coming back to Nigeria. There is nothing to celebrate about coming out of recession. Things have really gone bad to the extent that Nigerians can now do anything to make money. That's why kidnapping, ritual, armed robbery and other social vices thrive".

Accordingly, a 51 years old civil servant lamented:

"It is a pity we find ourselves in this ugly situation in Nigeria. Everybody is affected by this recession except few person who are mostly politicians. The recession is still with us forget the propaganda of the government. They are liars. Our money is valueless. Nigeria is in deep trouble but we are trusting God for a change for the better.

Indeed, there are still complaints and grumbling by people about the hard times they are experiencing despite the claim by the government of ending recession.

Consequently, the impact of a particular social phenomenon is of resounding relevance to social scientist. It is particularly germane in the study of recession because it delves deeply into the direct and indirect impact of recession on the life of people. According to Mailafia, (2016), economic recession stagnates wage growth and increases the proportion of people on low pay, as well as swelling unemployment and underemployment.

This was captured by a 39 years old businesswoman who stated that:

Businesses are not moving, the economy has been battered and the present government seems not to have any solution to this. In fact, Nigerians are not finding it easy surviving. To feed now is a problem.

Accordingly, a 29 years old teacher corroborated the assertion when he noted that:

> *There is no doubt that the economic recession has a big negative impact on the people. Go to the market you see that nothing is moving, traders are just staring at their wares because nobody is buying because there is no money. In addition to this, the prices of commodities have skyrocketed. So we are celebrating because God keeps us alive".*

This is in line with the finding of Akinrujomu (2017) who argues that the cry of anguish among Nigerians is the same from the north to the south as prices of food skyrocket, purchasing power falls because pensions and salaries remain unpaid.

7. Conclusion

Recession as a phase of economic cycle in one point or the other has affected every economy (country) around the globe. Economic recession is a very serious symptom that indicates that the economy is diseased and requires vigorous economic measures to be taken for its faster recovery. The basic thing is for the government policies to be directed towards local production that will lead to the expansion of the economy and it will manifest in the purchase of capital market instruments. And so, the whole thing is tied to the same economic problem, if the economy is revived and the companies are doing well, and then there will be incentive for people to come back to the market and use their savings to buy shares. Indeed, it is important to encourage local companies to thrive so that the economy can have stronger local participation and then have stronger local investors too.

Consequently, the government should make it very easy to do business in Nigeria. According to the World Bank, out of 190 countries ranked, Nigeria is placed at 169 on the ease of doing business ranking (World Bank, n.d.). To make it easy to do business in Nigeria, government must first of all provide durable infrastructure. Measures should be in place to break Nigeria's dependence on oil and make her economically viable. These measures include: providing power and infrastructure, re-energizing the agricultural sector, providing incentives for investment, kick-starting manufacturing through an industrial revolution, clear economic foreign policies, fighting corruption and enthroning transparency through the strengthening of institutions, and increased citizen participation in the governance process. These would lead to a very strong, and growing Nigerian economy.

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