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The political economy of recession in Nigeria's fourth republic

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In recent times, an exceptionally large and virulent recession engulfed the Nigerian State that had for the previous two and half decades experienced sustained growth at unprecedented levels. The causes as well as sense of threat and uncertainty induced by the crisis have been differently interpreted, particularly from the macro-economic, leadership and strategic standpoints. This paper offers a political economy explanation of recession in Nigeria's Fourth Republic. The study adopts the descriptive/qualitative research technique to probe the following questions: What are the factors responsible for the crisis? What is the relationship between the structure of the Nigerian State and recession? How may recession be checked? The paper argues that recession expresses the capitalist nature of the Nigeria State. Moreover, lack of political will of the successive governments to save, corruption, mismanagement and overdependence on oil earnings, among other, are the factors that instigated the recession. The study recommends substantial structural reforms that will overthrow the system that serves the narrow interests of the capitalists class rather than people. There is also the need to diversify the nation's economy, particularly investing on the non-oil sector such as manufacturing and agriculture production.

Key words: Nigeria, recession, gross domestic product, corruption, fourth republic, crude oil earnings.

INTRODUCTION

For more than three and half decades, barely would a year pass without reports of dire economic crisis in many countries of the world, particularly in the United States, United Kingdom, Japan, China, India, Brazil and Asian countries. The global economic crisis has been accompanied by recession of several magnitudes in the affected nations. Consequently, in the past decades, for instance, in the 1990s and early 2000s, recessions have occurred simultaneously in advanced economies several times (Claessens and Kose, 2009). According to Mazurek and Mielcova (2013), the Asian financial crisis which began in July, 1997 in Thailand following the drop in the value of the Thai currency, and spread around Southeast Asia and Japan, with Thailand, Indonesia and South Korea being the most affected countries is the case in point. On a separate note, Goldstein (1998) and Turner (2011) asserts that "the causes of the crisis were financial-sector weakness in Asian emerging economies

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with easy global liquidity conditions and mounting concerns about external-sector problems". This was, however, followed by the global financial crisis, sometimes referred to as 'Great Recession' which started in the United States of America during the summer of 2007 by a liquidity shortfall in the US banking system. As Mazurek and Mielcova (2013) further noted, "the trigger of the crisis was a collapse of US housing boom that led to the fall of large financial institutions or its bailout by national governments, and to large share drops around the world". Therefore, as Gurtner (2010) perceptively observed, "the causes of the global financial crisis are to be found in the financial and economic policies of the developed countries, primarily the United States".

Paradoxically, for the majority of the Third World countries (TWCs), particularly African nations, economic records in the early 1990s were worse than in the 1970s and 1980s. With very few exceptions, their difficulties have been intensified to a level where it is impossible to write off economic 'crisis' among these countries. Consequently, as Ihonvbere and Turner (1993) puts it, "there has been severe social, as well as economic crisis owing to political instability, widespread use of political power for individual gain", increasing incidence of corruption, as well as poor economic policy formulation, implementation and performance (Overseas Development Institute, 1982). Therefore, according to Rwelamila (2012), "the late 1990s and the early 2000s were periods of stagnating incomes, declining employment and deteriorating poverty for several Third World countries". At the core of the predicament was an inevitable economic decline, a drop in per capita income, among other problems, which culminated in the inability of many countries even to feed their people and meet other basic human needs (Thiboutot, 2004: 16).

In the later part of Nigeria's Fourth Republic, no phenomenon has been more central to the practice and understanding of politics than recession. In fact, economic recession and its cataclysmic effects has become the major subject of discussion and debates among scholars, writers, and diplomats within and beyond the shores of the nation. Interestingly, in the third quarter of 2016, the Federal Government made an open declaration that Nigerian economy was in recession. Specifically, the Minister of Finance, Mrs. Kemi Adeosun while speaking on the nation's economy and the implementation of the 2016 Appropriation Act explained this more poignantly by asserting that "technically, our (Nigeria's) economy for now is in recession because if you go into two quarters of negative growth, your economy can be said to be in recession. Thus, technically, Nigeria is in recession" (Adebayo, 2016; Inokotong and Salami, 2016). Similarly, the International Monetary Fund (IMF) posit that the Nigerian State had in recent times plunged into its worst recession, and raised projections for the nations' economic growth by 0.8% in 2017 and 2.3% in 2018 (Noko, 2016; Ikeke, 2017).

Ever since the crisis erupted, an increasing number of scholars, writers, and practitioners have interpreted and commented on the subject differently, particularly from the macroeconomics, leadership and strategic standpoints. This paper, therefore, offers political economy explanation of economic recession in Nigeria's Fourth Republic. The purpose is to unravel the causes or factors responsible for the crisis, analyzing its consequences and make recession prediction as well as policy prescriptions.

Conceptual and theoretical framework

Conceptual framework

Although the term "recession" or "economic recession" has been differently defined and interpreted, Claessense and Kose (2009; 2012), however, noted that there is general recognition that the term refers to a period of decline in economic activity. In practical terms, recession is a period of time when a nation's gross domestic product (GDP) declines for at least two consecutive quarters in a quarter-to-quarter comparison (Mazurek and Mielcova, 2013). This implies that if an economy grows by 2% in one quarter and then contracts by 0.5% in each of the next two quarters, it is deemed to be in recession. Although this definition, which was first suggested by Julius Shisken (1974) is instructive, it has two weaknesses. First, the "two-quarters" rule is flawed. Judgement should be made based on monthly data of economic activity such as industrial production, employment, real income and wholesale and retail trade. Second, the focus on GDP alone is narrow. GDP figures themselves can be misleading owing to the fact that they are subject to large revisions (*The Economist*, 2008). Therefore, according to Claessens and Kose (2009), it is often better to consider a wider set of measures of economic activity to determine whether a country is indeed suffering a recession.

The National Bureau of Economic Research (NBER), a prominent economic research organization in the United States put forward a working definition of what constitute a recession. The NBER (2010) defines a recession as when "a significant decline in economic activity spreads across the economy, lasting more than a few months to more than a year, normally visible in real Gross Domestic Product (GDP) growth, real personal income, employment (non-farm payrolls), industrial production and wholesale-retail sales". The NBER's definition has, been criticized along a number of lines. According to Knoop (2015: 14), the first problem with the definition is that a lag exists between getting data and making decisions. Output must be falling for at least “a few months” before the NBER will declare a recession. In practice, the economy has typically been in a recession for at least six months before it has been officially recognized as one by the NBER. For example, the recession that began in the United States in December 2007 was actually not recognized as such by the NBER until December 2008, a full year after it began. This recognition lag might delay a policy response until it is too late to be effective. The second criticism is that the definition ignores growth recessions, or periods of positive but below-average growth. The problem here, according to Knoop (2015: 14) is that a period of growth that is below trend, or the long-run average GDP growth rate, is generally regarded as a recession by the public but not technically considered a recession by economists. For example, economists timed the end of the global financial crisis as occurring in June 2009, but the vast majority of the public considered the United States to be in recession until well into 2012 because of real GDP growth, while positive, was weaker than trend.

As argued by Tule et al. (2012), recession is a business cycle contraction where there is decline in certain macroeconomic indicators such as the GDP. As put by Leamer (2009), "GDP is the market value of all legitimately recognized final goods and services produced in the country in a given period of time, usually a year". It is one of the most comprehensive and closely watched economic statistics. In the United States, for instance, it is used severally by the White House and Congress to prepare the Federal budget; by the Federal Reserve to formulate monetary policy; by Wall Street as an indicator of economic activity; and by the business community to prepare forecasts of economic performance that provide the basis for production, investment, and employment planning (Pritzker et al., 2015). Therefore, GDP is one of the primary indicators used by economists to determine whether an economy is in a recession or not.

From the standpoint of Mazurek and Mielcova (2013), recessions are often described by adjectives such as 'strong', 'big' or 'severe'. They, however, identify four classes of recessions, namely, minor recession, major recession, severe recession and ultra-recession. According to them, minor recession refers to the mildest recession with smaller magnitude. This category typically last for only two or three quarters and mean quarterly GDP decline is up to about 1.5%. Examples are the recessions that occurred in USA between 1969 and 1970; Japan in 2001 and Sweden in 2008. Major recessions are economic events, often on the global scale. They lasted from 2 to 4 quarters with mean quarterly GDP growth rates decline between 1 and 3%. Severe recessions constitute a large-scale economic downturn and typically lasted for 1 to 2 years with mean quarterly GDP growth rates decline from 3 to 5%. The extreme recession category is ultra-recession in which GDP falls by 30% or more as compared to the levels prior to a recession and last for several years (Mazurek and Mielcova, 2013).

Theoretical framework

Ever before and after the two major global financial crisis, the Great Depression (1929-1933) and Great Recession (2007-2009), a number of theories have existed that elucidated the thinking of early scholars and writers on the causes of economic fluctuations and recessions. These include the early agricultural theories such as the sunspot theory developed by Jevons (1884), the cobweb theory by Ezekial (1938) and the Malthusian theory (1798). Others are the early monetary theories espoused by Hawtrey (1913), the under consumption theory by John A. Hobson, the Marxist theory developed by Karl Marx, the profit margin theories and the early investment theories traced to Mitchell (1927) and Wicksell (1936), among others. For the purpose of this study, the underconsumption and the Marxist theories are germane. Hobson argues that the very unequal distribution of income and wealth in the capitalist countries made the poor not to consume much. This in turn forced capitalists to invest their capital abroad and to compete with others to control foreign market, thereby stifling the domestic economy and causing subsequent drop in the GDP (Russett et al., 2010: 203). Consequently, Hobson worried that growth in the production of goods within an economy would outpace the growth rate of consumption. Without adequate aggregate demand to absorb these goods, the resulting chronic overproduction would threaten future economic prosperity and create business cycles.

A pertinent question therefore, is: Why would consumption growth be unable to keep pace with production growth? Hobson’s underconsumption model focused on the fact that households save a larger share of their income as their income rises. As aggregate income in a country increases over time, the average propensity to consume (consumption divided by income) falls and the gap between aggregate income and total consumption increases. For a while, this gap can be filled with higher levels of investment. However, over time, this increased investment will only aggravate the excess supply of goods and reduce the average propensity to consume even further. Increasingly, large excess supplies of goods will eventually necessitate cuts in production and a decrease in aggregate income. This recession leads to a rise in the average propensity to consume, eventually causing the problem of excess supply to disappear for a while. The Keynesian economics corroborate the above viewpoint by positing that unregulated private markets inevitably yield price movements that react back on the decisions of businesses, workers, and consumers to produce out-of-control price spirals. These periodically push the economy into inflations, recessions, or even depressions (Resnick and Wolff, 2011).

Similarly, the Marxist theory which focuses on the dynamics of capitalist economies rests on physical capital accumulation which spurred greater productivity, all in the relentless pursuit of more profit. According to Karl Marx, this accumulation, however, created greater wealth and income, albeit unequally shared between bourgeoisies or the capitalist class and the proletariats also known as the working class (Cypher and Dietz, 2009: 127). Obviously, the capitalist class appropriated a disproportionate share of society's total income solely by their "virtue" of being the owners of the means of production while the disenfranchised working class would gain very little from what they laboured for. Marx's, therefore, theorized that excess capital accumulation over time would reduce the profitability of businesses, leading to periodic business failures and economic contractions. Marx and other Marxist scholars blamed the falling purchasing power of workers that results from the inequality inevitably created by capitalism. Thus, as the purchasing power of most of the population falls relative to the size of aggregate output, persistent and destabilizing excess supply will occur (Knoop, 2015).

METHODS AND MATERIALS

This study is basically descriptive and qualitative. The descriptive method tries to unravel the major elements and characteristics of recession in Nigeria, while qualitative method is used to gain a variety of insights so as to discover and identify decision problems and opportunities. The study relies heavily on the use of secondary sources, particularly documentary evidence, records from government agencies, interview reports, books, journal articles conference papers and other relevant materials derived from the Internet. The data were analysed qualitatively using the narrative analysis technique.

Nigeria's economy before and after the fourth republic

Before the discovery of oil in 1956, Nigeria's economy was essentially agrarian through which agricultural produce such as cash crops were exported, thus making the nation a major exporter in that respect. Olorunfemi and Adesina (cited in Akpan 2012) observed that "agriculture assumed the mainstay of Nigeria's economy in the decade spanning 1960 and 1970s, when it was nationally reckoned and utilized as the major income earner for both the people and the government". Thus, agricultural sector offered, amongst other things, vast opportunities and employed over seventy per cent of the Nigerian labour force; provided the basic food requirements for the country with the population of over one hundred and thirty million people; and provided raw materials for local industries. Moreover, exportation of the agricultural products helped Nigerian in taking giant strides towards her economic growth; thereby culminating in development of sites and structures particularly in the health and educational sector. In the view of Monye-Emina (2009), the role of agriculture can also be conceived in terms of its contributions to the process of economic development. Thirlwall (1999: 128) classified the contributions in terms of product, factor, market and foreign exchange.

However, following the discovery of crude oil in the late 1950s, petroleum production and export play a dominant role in Nigeria's economy and account for about 90% of the nation's gross earnings (Odularu 2007). Put differently, upon the discovery of crude oil and its subsequent exportation, there was a boom on the economy of Nigeria as it accounted for over 90% (90%) of the country's foreign exchange earnings. Furthermore, the emergence of petroleum oil production in the 1970s significantly altered the structure of the Nigerian economy and consequently led to a new political-economic orientation as national wealth was expanded with new opportunities for rent-seeking behaviours (Akpan 2012). Evidently, between 1958 - when crude oil exploration and exploitation began and 1966, Nigeria earned N140 million from crude oil; 1967 to 1975, the General Yakubu Gowon got about N11.03 billion; while the late General Murtala Mohammed/Olusegun Obasanjo military regime scooped about N25 billion from 1975-1979. In like manner, the civilian administration of President Shehu Shagari earned N36 billion oil money; Buhari, in his first coming as Military Head of State (1984-85), earned about N25 billion; General Ibrahim Badamasi Babangida, 1985 to 1993, N420 billion; the Ernest Shonekan/Abacha regime (1993-1998), N1.6 trillion; and General Abdulsalami Abubakar regime (1998-1999), N350 billion (Ndujihe, 2016).

The reality of the situation is that, despite the huge earnings since 1958, there has been little or no development as well as improvement on the welfare of the citizenry, especially the people of the oil-producing areas, whose environment – land, water and air, has been adversely contaminated and, in many cases, devastated and polluted. Consequently, the country's situation generally remains persistently precarious. The economy remains in dire need of reflection to boost consumer aggregate demand and overall productivity. The labour market remains a serious threat and external debt service remained high and unsustainable. The *Economic Report* entitled: *Nigeria's Fourth Republic: Economy and Opportunities beyond Politics* published by Coronation Capital asserts that: The Nigeria's economy before the beginning of the Fourth Republic was in a parlous state. Real incomes had been falling since 1979. The budget deficit was unsustainable. Inflation was high and at risk of escalating into a hyperinflationary spiral. Physical infrastructure was grossly inadequate and economic policy had been incoherent and contradictory for years. The country was in default on the vast majority of its external debt, accruing penalty interest at an alarming rate. Nigeria was internationally isolated, having been suspended from the Commonwealth in 1995, and senior government figures were subject to international sanctions. There were genuine fears in the international community that Nigeria was heading down the path taken by failed African States – becoming a West African Democratic Republic of Congo, or Somalia (*Economic Report* n.d).

The above viewpoint implies that Nigeria's economic growth during the period preceding the Fourth Republic was marred by a number of both internal and external as well as economic and political factors. However, Nigeria returned to democratic governance in 1999, ending a 16-year period of military rule. During the period, Nigeria emerged on the international stage as the largest economy in Africa. Evidently, in 1999, the US$36bn Nigerian economy ranked 5th in Africa. By 2013, the economy had expanded to US$522bn, and emerged as the largest economy in Africa, with a US$122bn gap between her size and the second largest economy on the African continent. In that period also, the economy became more resilient, until recession sets-in in the second quarter of 2016 (Aig-Imoukhuede, n.d).

RESULTS AND DISCUSSION

Several reasons, particularly internal and external factors have been identified as forces usually responsible for recession. The internal factors are as a result of conflict of ideas, misapplication of economic theory and regulatory negligence or policy inconsistency, desire to pursue development without due consideration of economic fundamentals, corruption, and structural as well as policy distortions (Wong, 1999; Corsetti et al., 1999). Other factors are the overheating of private sector and excessive investments in real-estate with non-commensurate returns. The external causes of recession have to do with factors that are exogenous to the economy over which policy makers have little or no control. These include

Table 1. Crude oil earnings by successive administration in Nigeria's fourth republic.

S/N	Period (in Years)	Leader (President)	Amount
1.	1999-2007	Chief Olusegun Obasanjo	₦ 27 trillion
2.	2007-2010	Alhaji Umaru M. Yar'Adua	₦ 9 trillion
3.	2010-2015	Dr. Goodluck E. Johnathan	₦ 51 trillion
4.	2015-2016	President Muhammadu Buhari	₦ 6 trillion
	Total	=	₦ 93 trillion

Source: Ndujihe, 2016.

factors such as natural disaster, climate change, revolution, wars and international price shock for product from mono-economy. The neoclassical economists are of the view that State interference in the market, labour union, monopolies and technological shocks are external causes of recession. To another group, negative demand and supply shocks as well as deflationary macro-economic policies are the main causes of recession. The negative demand-side shocks that affect the aggregate demand works through a global economic slowdown that impacts major trading partners of a country.

In the case of Nigeria, when there is economic slowdown in US, China, India and EU, it could have negative impact on the demand of Nigerian crude oil from these countries. As a result, government's revenue and spending will drop, taxes will rise, disposable income will fall and aggregate demand will fall, adversely impacting the production of goods and services, thus triggering economic recession (Tule et al., 2012). Orode (2016) argued that the reasons why countries enter into a recession depend on the economic framework of that country. He identified high interest rates, increased inflation, and reduced real wages as factors which could be responsible for the cause of a recession in a nation's economy. For him, economic recession in Nigeria's could have been triggered by a dip in government revenues and/or a drop in consumer spending, and drop in oil prices. Similarly, as pointed out by Abdullahi (2016), the major factors responsible for the current economic recession in Nigeria are: falling oil price in the international market; inheritance of empty treasury from the former regime of Dr. Goodluck Ebele Jonathan; global economic slowdown; the burden of political transition; delay in signing and implementation of 2016 budget; poor revenues and declining earnings and insecurity and violence. From the standpoint of Ekong (2016: 23-24), issues that instigated Nigeria's economic recession are more of structural than monetary or fiscal. According to him, the causes are: unwillingness by the previous governments to save when the country was earning so much from its export; severe drop in the prices of crude oil; drastic drop in food production for domestic consumption as a result of insurgent activities of Boko Haram militants in the North Eastern part of the country; corruption occasioned by stealing and misappropriation of public assets, etc. These reasons, particularly the ones relevant to the focus of this study deserve brief explanation.

The first is unwillingness of the previous government to save or what the erstwhile Minister of Finance Dr. Ngozi Okonjo-Iweala describe as zero political will of the immediate (President Goodluck Jonathan) administration to save for the rainy day (Aziken, 2016). With the return to civil rule in 1999, the nation's earning from crude oil had increased exponentially. Table 1 shows crude oil earnings by successive administration in the Fourth Republic.

From Table 1, it is clear that between 1999 and 2016, Nigeria had realised a total of ₦93 trillion (ninety three trillion naira) from the sales of crude oil. Out of this, President Olusegun Obasanjo's administration got about N27 trillion between May 1999 and May 2007. His successor, Umaru Yar' Adua, reaped about N9 trillion in his almost three-year rule before he passed on. President Goodluck Jonathan's administration in five years, between 2010 and 2015, earned about N51 trillion from petroleum resources. Between May 29, 2015 and 2016, the President Buhari's administration was able to earn just about N6 trillion from crude oil (Ndujihe 2016). Evidently, previous governments were unwilling to save, particularly when the country was earning so much from its export product. Consequently, Nigeria's saving culture, or rather lack of it, has been responsible for recession in Nigeria. This study notes that the system which encourages reckless spending has long been in place and the outcome is a recession.

The second reason is the nation's overdependence on oil resources as well as severe drop in oil price. As earlier indicated, since the discovery of oil in commercial quantity in Nigeria in 1956 and the subsequent oil boom of 1970s, oil has dominated the economy of the country. Oil accounts for more than 90% of the country's exports, 25% of the Gross Domestic Product (GDP), and 80% of government total revenues. As a result, the economy of the country has been substantially unstable, a consequence of the heavy dependence on oil revenue, and the volatility in prices (Amuche, 2016). The negative effect of overdependence on oil revenue is currently being felt with current recession. Like most of its oil-producing counterparts around the world, Nigeria's economy was hit hard by the recent global fall in oil price (Musawa, 2016). Consequently, in 2016, the country's second quarter GDP

Table 2. Nigeria's historical real GDP growth rate in the fourth republic.

S/N	Year	Growth rate (in %)
1	1999	0.52
2	2000	5.52
3	2001	6.67
4	2002	14.60
5	2003	9.50
6	2004	10.44
7	2005	7.01
8	2006	6.73
9	2007	7.32
10	2008	7.20
11	2009	8.35
12	2010	7.98
13	2011	7.36
14	2012	4.21
15	2013	5.49
16	2014	6.22
17	2015	2.79
18	2016	-1.51

Source: National Bureau of Statistics, 2016. Retrieved from: nairametrics.com/nigerias-gdp-growth-rate-1960-2015/ on April 13, 2017

fell by more than 2% after it had fallen by 0.4% in the first quarter.

From table 2, it is interesting to note that the last time the Nigerian economy grew below 1% was in 1999, a few months after the return of democracy in May, 1999. However, Nigeria's GDP, which measures the worth of the nations' economic activities crashed to its lowest between 2015 and 2016 culminating in the recession. Of note, the views that current recession in Nigeria is triggered by severe drop in oil price has been countered by Sanusi (2016) who argued that an economy cannot be in a recession, because of the collapse in oil price. According to him, a nation cannot be in recession, because a sector that is 15% of its GDP has declined". He attributed the cause of recession to the nation's insensitivity to reserve and misappropriation of money which should have been injected to the economy.

The third reason advanced by pundits as the cause of Nigeria's recession is massive corruption perpetrated under past leaders and occasioned by stealing and misappropriation or misallocation of public assets. According to Magu (cited in Obia, 2017), the economic recession is caused by corruption. About 90% of the cause of recession is corruption, because there was fund and people stole the funds and kept them where they cannot be reached. ...if a sizable part of the funds looted from the public treasury in Nigeria were recovered, the country would be out of recession within a short period. If we can lay hands on this hidden wealth, we will not stay for more than three months in this recession. It is sufficient for us to get out of economic recession.

It is important to note that since the beginning of the Fourth Republic, major cases of corruption has been established against former State governors and other public officials. These include embezzlement of over N15 billion public funds by Abdullahi Adamu and 18 others; embezzlement of N52 billion by the former Gombe State Governor, Senator Danjuma Goje and four others; N9 billion fraud by Bukola Saraki; Criminal diversion of public funds in excess of N5 billion by former governor of Abia State, Orji Uzor Kalu and embezzlement of N1.3 billion by the former Taraba State Governor Rev. Jolly Nyame. The former Jigawa State Governor, Saminu Turaki was docked for allegedly stolen about N36 billion from the treasury over an eight- year period. Others are the Maina Pension Scam involving N195 billion; the kerosene subsidy scam in which kerosene, was supposed to be sold for N50 to consumer, but sold for between N100 and N120 per litre; the Police Pension Fund Fraud involving five people, including former Director of Police Pension Fund, Esai Dangabar, accused of misusing N32.8billion (Punch, 2015; Kanayor, n.d).

The most monumental and contentious corruption cases in recent times are the N255 million armoured car scandal involving former Aviation Minister, Stella Oduah; and the missing N20 billion Naira oil money monthly, where the former Governor of the Central Bank of Nigeria, Lamido Sanusi, alleged that the NNPC failed to remit billions of naira in oil proceeds to the State. This caused a huge rift between the CBN governor and President Goodluck Jonathan, leading to the President suspending Mr. Sanusi from office and its subsequent retirement; $2.1 billion (₦ 546 trillion) arms fund involving Sambo Dasuki; the alleged diversion by the former EFCC boss Ibrahim Lamorde of the sum of ₦1 trillion proceeds recovered by EFCC; ₦2.6 billion scam involving the former Director-General of NIMASA, Patrick Akpobolokemi; ₦6 billion bribe to christian leaders and illegal diversion of $322 million (₦83.72 billion) Abacha's loot against ex-president Goodluck Jonathan and Ngozi Okono-Iweala (Tell, 2015; Olufemi et al., 2015; Greennews, 2016). This paper noted that corruption has far-reaching consequences on the overall development of the Nigerian nation.

Conclusion and policy recommendations

From the analysis of this study, it is crystal clear that issues that instigated recession in Nigeria's Fourth Republic are more of structural than of monetary or fiscal. The Nigeria State is a modern society in which the mode of production is capitalist oriented. Thus, as observed by the Marxist scholars, the unequal distribution of wealth and the quest by the capitalist class to control public assets have led to intensified rent-seeking behaviours among the elite and political class culminating in the emergence of class structured society in which accumulation of wealth moved hand in hand with competition and the struggle for power. Moreover, the paper demonstrates how concrete aspects of Nigerian economic history, lack of political will of the successive governments, economic mismanagement and endemic corruption in the system and overdependence on oil, among other factors snowballed the nation's economy into present recession. Substantial structural reforms aimed at altering the course of the nation's economic system so that it serves the people rather than narrow interests of the capitalist class is a *desideratum*. There is also the need to diversify the nation's economy, particularly the development of agriculture and other non-oil sector exports.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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