COVID-19 Lockdown, Slump in Global Oil price, and Policy Recovery Options: The Nigerian Experience

Chukwuemeka Amaefule
Rivers State Ministry of Education, Port Harcourt, Nigeria

Abstract: - **The interplay of covid-19 lockdown and a slump in the global oil price is a recipe for a lengthy and costly global recession. The previous recession in Nigeria is deeply rooted in the global slump in global oil prices, a supply-side shock effect. The new phenomenon of demand-shock effect alongside a supply-side shock effect implies that the length and cost of the recession could significantly inflict a colossal economic downturn on the economic outlook in emerging and developing economies. This begs the question, what are the policy recovery options for Nigeria? The paper examined economic recessions in Nigeria from 1981 to 2016. The study adopted a historical-normative approach to study the interplay of factors deepening the impact of the recession. Data collected from the Central Bank of Nigeria (CBN) and the National Bureau of Statistics (NBS) was analyzed. The study identified among other factors such as weak productive base, inconsistencies of macroeconomic policies, the problem of poor policy coordination, heavy dependency on petro-dollar system, insensitivity of the political class to the realities in the economy, wide disconnect between the financial system and the real-informal sectors are factors that would expose Nigeria to the impact of global covid-19 and slump in the global oil price hence a lengthy and costly recession is inevitable in Nigeria. The recession would lead to social insecurity, instability in the currency structure of the country, balance of payment disequilibrium, high debt problem, fragile stock market, financial distress in the banking sector, inescapable stagflation incidence, liquidity problem and capital formation, a decline in capital inflow due to problems in global reinvested earnings losses in MNEs, a decline in general economic activities, and fall in social welfare. Thus, to spur, stimulate and re-diversify the productive base of the nation to reduce the geometry and structure of recession. The government should rethink the cost of governance, drive research base innovation, and develop skill and capacity to improve the sustainability and resilience of the economy to structural and systemic shocks. Keynesian and monetary policy prescriptions must be pursued through the expansionary fiscal approach and manufacturing-informal sector investment financing to jumpstart the economy. These recommendations revolve around coordinated fiscal, monetary and commercial policies required to sustain the post-recession economy. Such policies must be directed strictly on the provision of infrastructure, strengthening the security architecture and reduction of cost of doing business.**

I. INTRODUCTION

Shocks from the mix impact of covid-19 and plummeting global oil price threaten global economic stability. The lesson from the impact of lockdown and social distancing due to the health crisis e.g. covid-19 and plummeting global oil prices on the global economy can be premised on the increasingly decline in global productivity and social welfare of the people. Thus in sum, these shocks generates supply shock (GDP decline) and aggregate demand shock (low income from lockdown). The impact of these shocks could be perceptibly operational in the business cycle of the global economy. Thus as contraction in the factors of production, it is likely that the IMF prediction on recession is inevitable. The motivating question therefore becomes could Nigeria experience another recession? Can Nigeria be insulated from the global recession? What are the policy recovery options for Nigeria? These two questions would drive this study. The aim of this paper is to x-ray previous causes of global recessions and recession in Nigeria. Based on the outcome of this paper, this study would provide policy options that could stir the Nigerian economy.

Recession is an economic event triggered by exogenous and endogenous forces. These forces could be driven by economic and non-economic shocks. The 2020Q1 shock is exogenously calibrated (Shambaugh, 2020). However, the length of the recession is dependent on the resilience of the economies to absorb shocks (Carlsson-Szlezak, Reeves & Swartz, 2020). The transmission path of a shock on economic outlook could manifest on the economy either through supply-side affecting investment and productive forces or demand-side weakening aggregate demand and capital formation.

The prediction of IMFC on the global recession seems apt based on the ravaging economic disturbance caused by the supply-side forces e.g. slump in the global oil prices and by the demand-side forces e.g. Covid-19 in 2020Q1 (IMF, 2020). The lockdown policies adopted to quell the pandemic effect of covid-19 look to be reducing daily economic agents' activities by about 20% from normal levels (Coulton, 2020). Due to the global interdependency amongst economies, these two phenomena occurring concurrently could inevitably summersault market fundamentals in emerging and developing economies.

The trend in economic activities in 2020Q2 looks disillusioned. Economists predict forthcoming recession to be deep (Coulton, 2020), great (Borge, 2020), and depression (Blanchflower and Bell, 2020). There are indications that global economic activity could decline to 1.9%, 3.3% in the US, 4.4% in the Eurozone, and 3.9% in the UK and China's growth would be fewer than 2%. "Our baseline forecast does not see GDP reverting to its pre-virus levels until late 2021 in the US and Europe" (Coulton, 2020). Specifically, the Federal Reserve predictions, put US unemployment could be at about 32%. Unemployment could be about 50% in the UK (Blanchflower & Bell, 2020).

According to Borge (2020) "look to history for hope, past crises show we can learn and grow." Borge (2020) classified the history of the global recession from 1930-2008. In the case of Nigeria, a history of recession can be classified from 1980-2016. These historical groups of recessions would be synoptically examined.

II. LITERATURE REVIEW

Hong, Lee & Tang (2009), defined a recession based on the classical business cycle model as a decline in the economic activity between separate periods of relative prosperity and relative decline. NBER (2010) refers to it as a substantial fall in economic activity over some time noticeable in GDP, household income, employment, industrial production and wholesale-retail sales (Jiri & Elena, 2013). Jiri & Elena (2013) states it is a time when there is a decline in GDP for not less than two inter-period quarters in a quarter-to-quarter analysis.

The period is also associated with substantial changes in credit volume and asset prices, large scale balance sheet problems; severe disruptions in financial intermediations and large scale government support (Stijn & Kose, 2013).

Keynes believes in the visible hand of the government to influence macroeconomic performance. Fiscal policy is the use of tax, transfers and fiscal spending to influence economic variables in a predetermined direction to achieve predetermined goals. Keynes advocated for the use of fiscal policies to stimulate an economy and grow an economy out of recession. This theory was an aberration to the view that the market is self-regulating and corrects itself and pulls the economy out of recession without interference from the government or its fiscal policy. There are several empirical studies across the world on economic recession. Table 1 presents a few of these studies in brief.

Table 1: Empirical Studies on Economic Recession

Authors	Title	Method	Results/Findings/Recommendation/Conclusion	Date
Jiri, M. & Elena, M.	The Evaluation of Economic Recession Magnitude: Introduction & Application	Quantitative regression method	-Great Depression in 1929-1933 and recessions in Russia and Ukraine in the 1990s was Ultra recession -2007-2009 financial recession fell into major for EU&Japan and Severe for USA.	2013.
Jonathan, E.	Trade & the Global Recession	Dynamic multi-country general equilibrium model	-29% drop in world trade in manufacturers during 2008-2009. -a collapse in trade/GDP ratio was caused by a shift in consumer spending away from the tradable sector. -a decline in investment efficiency -shocks to trade frictions productivity & demand played minor roles.	2016
Kiseok, H et. al.	Crises in Asia: Historical perspectives and Implications	The historical approach of 21 developing economies1961-2007	-recessions and financial downturns are frequenting and severe in Asia than in OECD's. -recession increases when associated with credit crunches or stock market crunches. -2009 will be experienced in Asia.	2009
Stijn, C. & Kose, M. A.	Financial crises; explanations, types, and Implications	Survey of selected literature on the financial crisis	-The financial crisis is propelled by several factors which include; changes in credit volume and assets prices, large scale balance sheet problems	2013
Alexis, A. et. al	The global Economic crisis: Impact on Sub-Saharan Africa and Global Responses	Oversight and monitoring trend	-the contraction in global trade and a significant collapse in primary commodity export -the decline in foreign investment	2010
Sher & Iyanatul	The great recession of 2008-2009: causes, consequence and policy response	In-depth Review	-The Global economy was instable prior to the crisis -2007 crises are caused by interdependencies namely; loose monetary policy, global imbalance, misperception of risk and lax financial regulation. -the crisis is diversely mitigated by falling government policy -there is potential to reduce recovery e.g. public debt and global imbalance.	2010
Sebastian, D et al. (ed)	The financial and Economic crisis of 2008-2009 and developing economies	Review of global financial crisis 2008-2009	-proximate causes in the financial sector of the United States.	2010

Wen-jen, H	The Global economic recession and Industrial structure: Evidence from four Asian Dragon	Fixed-effects model 1995-2008	-growth in the service sector, exports, gross capital formation have an additional impact on economic growth -manufacturing growth rate and GDP significantly related -New service Development policy to integrate manufacturing output and high value-added service.	2011
Paulus, Z.	The Impact of the global recession on developing countries	Two-pronged approach Micro and macro data analysis	-Africa suffered from the slump from 5% in 2008 to 1.7% in April 2009 - There are economic and socio-economic effects of recession e.g. social and political tension.	2011
Greg, C.	Recession, Recovery, and Reinvestment: The role of local economic leadership in a global crisis	41 local economies survey & review method	-recommend Barcelona principle - refocusing on the term growth drivers	2009

Source: Compiled by the author

III. GLOBAL RECESSION 1930-2008

Global Economic Recession of 1930 was triggered off by a collapse of the American Stock Market which occurred on October 29, 1929, popularly known as the "Black Thursday". This collapse led to severe losses, which crippled the entire financial system of America. The stock ranging from 1929 to 1932 fell by almost 90%, economy contraction by 30%, unemployment was 25% in 1933, between 1930-1933 9,000 banks failed, money supply decreased by 1/3 between 1929-1933. It could be said that there were two separate recessions from 1929 to 1933, 1937 to 1938 (Christina, 2003). The consequences culminated in a drop in consumer spending, an increase in inflation, unemployment increased with massive job losses. The global multiplier effect of this crisis also affected the economies of Germany, England, and Other European economies. Specifically, in the UK the unemployment rate rose from 7.2% to 15.4% between 1929 and 1932 (Blanchflower and Bell, 2020). In reaction to this effect, countries pursue stimulating economic measures by administering tariff measures to activate economic development. By 1944, the global economy pursued a multilateral waiver system that exacerbated the collapse of World Trade. In swift complementary, the global economy initiated World Bank and IMF to regulate the international economic system and increase capital inflows globally (Arbana, S. et.al, n.d., Anyanwu, 1990; Hong, Lee and Tang, 2009).

There were recessions between 1948 and 1949 across the world. This was caused by a decline in business fixed investment. It was known as the sale and inventory recession. The policy action adopted includes monetary policy (reserve requirement). This was increased three times and the discount rate was raised from 1% to 1.5%. The interest rate moved from negative to a positive value. Prices of government securities were moderated.

The recession between 1953 and 1954 coincided with the aftermath of cut in government purchases in the post-Korean war experiences. The end of the Korean War injected low business expectations hence caused a recession. Others include viz; 1957-1958: recessions in this period were caused due to sign of weak financial credits and credit restraints. Inflation rate jacked up from 0% in 1956 to 4% in 1957. Interest rate rose from 1% to 3%, M1 declined from 4% to about 0% between 1960 and 1961. This is called excess demand inflation. Nigeria's economy and indeed most African economies were evolving. 1973-1975 many factors within this period such as the Yom Kippur war on Oct 6, 1973, led to the placement of embargo on oil shipments from the Middle East and hence caused a quadrupling of the price of imported oil. Inflation within this period increased from 3.4% in 1972 to 7.4% Sept. 1973. 1980s Recession was majorly caused by credit control measures of the monetary authority. We had an Iranian revolution and a consequent hike in imported Oil. The policy at that time was restrictive macroeconomic policies (Hong, Lee, and Tang, 2009). In a related event, the stock market crisis also brought shocks of collapse on the global economy viz.; Dutch Tulip Bubble (1637), Mississippi Bubble (1719-1720), South Sea Bubble (1720), Bull Market (1924-1929), Japanese Economic Bubbles (1984-1989), the explosion of the internet bubble (2003) (in Arbana, S. et.al.). The Financial and Economic crisis of 2008-2009 was caused by an excessive monetary policy of the Federal Reserve between 2002 and 2004. It is called a mortgage subprime lending crisis. The Asian crisis of 1997-1998 and the Argentina crisis of 2011 are similar to those of the Subprime crisis (Hong et al. 2009).

The above analysis provides a general explanation to global recession and outcome. The task of this study was to explain Nigeria’s economic recession, in an attempt to set the platform for prognosis based on past experiences.

IV. NIGERIA’S PERSPECTIVE 2020Q1-2016

In Nigeria, the recession is entirely not a new phenomenon. However, the recession in Nigeria is the archetype of the slump in global oil prices. Thus, the recession in Nigeria could be predicted. Conversely, the length and dimension of shocks on macroeconomic behaviour motivate the study to undertake a robust analysis to determine the impact of global covid-19 and oil price glut shock on the economy. How do economies recover from shocks? Nigeria is heavily affected both by the plummeted global oil price and health-crises. Nigeria's recession of 2016 came to a halt after the 0.55%

growth in the Gross Domestic Product (GDP) in the 3rd quarter (Q3) of 2017. Challenges in Nigeria are due to the weak supply base; excessive foreign exchange demand and continued exposure of the economy to the volatility of crude oil price in the global market, poor business environment fueled by poor infrastructures and inconsistent policy directions by the political class, a restrictive fiscal approach called Single Treasury Account which has to reduce the credit distribution of the Deposit Money Banks (DMBs) in Nigeria. These factors cumulatively caused the loss of confidence in the economy, which has, in turn, lowered business expectancy and opportunities. The historical antecedent of Nigeria shows that the country is often exposed to the shocks in the global oil price because of its monoculture economic structure. Most policy actions of government are often stop-gap measures and are inconsistent. This causes distortions in macroeconomic processes. It is also argued that there was over-centralization of government in Nigeria, which does not encourage entrepreneurship, productive and ingenuity. Thus unemployment in Nigeria rose from 13.3 % 2016Q2 to 17.8 % Q3 and 17.1 % inflation rate 2016Q2 (NBS, 2016). These problems imply that the Nigerian macroeconomic fundamentals are unable to sustain the shocks from the global oil market. The effect is the fall in government spending, inflation among others.

Before 2016, the macroeconomic structure and microeconomic structure maintained a positive trend. In 2015, the heyday of Nigeria's rebased GDP; the economy of the country grew at about +2.79% and grew at a higher rate at 6.22% in 2014. This status made it possible for the country to embark on projects that had an impact on macroeconomic development.

V. NIGERIA'S EXPERIENCE 2016-2010

Nigeria is a monocultural economy with heavy dependence on petroleum. The neglect agricultural sector further fastened the fortunes of the economy to petro-dollar more so given the relative ease of access to this wealth. The price of the product in the global market is highly volatile e.g. Brent averaged \$52/b in 2015, 53% below the level in 2014 and 49% below the average price over 2010-2014 (eia.gov). The slump affected many developing economies including Nigeria leading to recession. The volatility often affects the GDP, creates low market demand, the decline in capital formation, slump in the economic environment, etc. At the micro-level, such volatility causes a fall in savings and among others. Thus, threatening the overall macroeconomic performance by the spiral impacts on production, distribution, and consumption. According to Onuchuku (2016) the Nigerian problem was more of stagflation given the presence of both recession and inflation. See figure 1, shows that GDP in 2013 grew from 5.49% to 6.22% in 2014, but dropped to 2.79% in 2015. From then it consistently dropped on all quarters of 2016. Unemployment increased, inflation jumped to 17.1 percent in the Q2 of 2016 and remained at the double-digit growth rate (NBS, 2016).

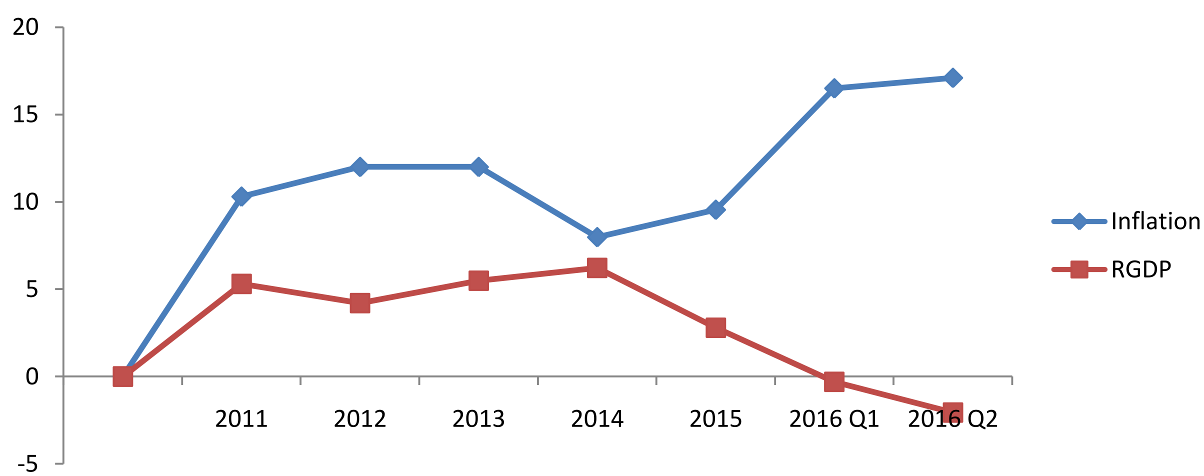

Figure 1: RGDP and Inflation for 2011-2016

Source: National Bureau of Statistics, 2016.

From Fig 1 above, there is a wide divergence between economic growth and inflation in Nigeria. The inflation rate is represented by higher movement while GDP is denoted by a nose-diving trend, showing up a negative trend in both the Q1 and Q2 of 2016. From the trend, it may be deduced that the Nigerian economy was unable to withstand shocks, global competitiveness, and the harsh global politico-economic system its capital outflow greater than its capital inflow. Therefore the critical issues for this study are; (i) what lessons can be drawn from the Nigerian economic crises (ii) what implications do declining economic indices suggest to Nigeria?

VI. RECESSION ON NIGERIA'S MACROECONOMIC PERFORMANCE 1980-2016

Nigeria has had three-episode recessions. They are 1982-1983, 1991, and 2016. GDP growths are -1.78% (-7.75%), -0.55%, and -2.06% respectively. Recession is often associated with a slump in global oil prices. The trend in selected macroeconomic variables such as inflation and unemployment for the four-episode of recession are 7.73% & 4.3%in 1982, 23.26% & 6.4% in 1983, 23.0 & 3.1% in 1991, and 17.1% & 13.3% in 2016Q2 respectively.

An x-ray of 2016 Q1 and Q2 macroeconomic performance shows that many of the Nigerian sectors slumped in their contributions to GDP at constant basic prices as compared with the data in table 3 and table 4. Up until 2014, the macroeconomic platform of Nigeria enjoyed a positive trend as a result of its macroeconomic fundamental, stable price of crude oil and stable economic growth. Total savings grew up 38.7%, the stock grew at 24.7% in 2014. Whilst in 2016, this trend has fallen.

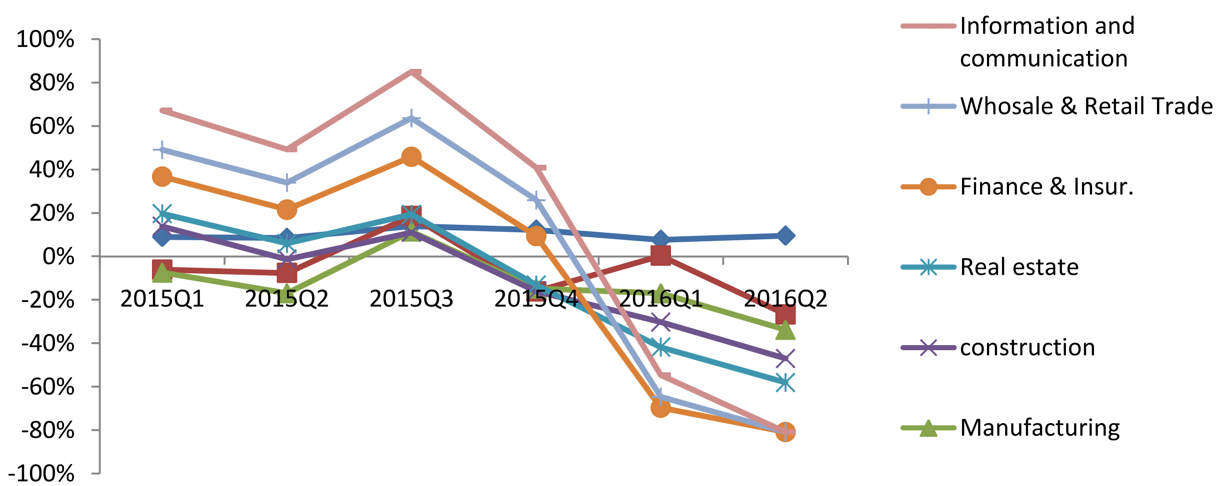

Fig 2: Quarterly Statistic of Sector Real GDP % 2015-2016.

Source: NBS (2016).

The signal was indeed noticeable from two separate data presented above first is the fall in the stock market capitalization in 2014 in table 4, second the sudden drop in RGDP from 6.22% to 2.79% in 2015, third is in the job losses and unemployment status couple with the raising population growth of 2.63%. From table 2, the Q2 of 2016 Nigeria's fell into two-period contractions judged by the market fundamentals. This scenario is called an economic recession in the literature. Nigeria's history of economic crisis dates back to 1982-1984 and 1991. Economist believes the Q2 2016 nosedive is worse compared with the previous cases in Nigerian economic history. This scenario of the stagnating economy process (decline in GDP and high unemployment) and inflationary pressure is known as stagflation.

There is no characteristic resemblance between past economic crises of 1982-1984 and 1991 with the 2016 scenario measured in terms of standard of living, macroeconomic performance and trade relations outlook. The data reveals that GDP contracted by -2.06 percent in Q2 (2016) from -0.36% Q1 (2016). Unemployment rise confirms the relations GDP and unemployment in Okun's Law. Unemployment increases from +8.2% in Q2 (2015), +9.9% in Q3 (2015), +10.4% in Q4 (2015), +12.1% in Q1 (2016) and 13.3% in Q2 (2016). The welfare of the people has dilapidated further by the inflationary rise from 16.5% in Q1 (2016) to 17.1% in Q2 (2016) in June. Food inflation rose to 15.8% from 15.3%. Imported food sub-index increased by 0.4% point from June to 20.5% in July. The energy price jumped forward rising from 16.2% to 16.9% within the period under review. The capital inflow dropped between Q2 (2015) to Q2 (2016) by -8.98% from $75.73 million to $ 647.1 million. This negative drop would significantly affect the capital formation structure of the country. By classification foreign portfolio investment dropped from $2.81 billion in Q1 (2015), $271.0 million Q1 (2016) and to $245.3 million in Q2 (2016). Direct investment nosedived from $211.1 million Q2 (2015), $174.4 million in Q1 (2016), and $133.0 million Q2 (2016) (NBS, 2016).

The agricultural sector grew notwithstanding from 3.09% in Q1 (2016) to 4.53% of Q2 (2016), while coal mining & Quarrying grew to 2.5% their impact in the output aggregate remains infinitesimal. In aggregate the non-oil sector declined by -0.4% due to weak currency among other causes, the oil sector contracted by -17.5 % (year-on-year) in Q2 (2016) as compared with -1.9% in the Q1 (2016). The foreign exchange capacity of Nigeria's naira remains highly unstable and volatile rising from an average value of N180/$1 (2015) to N423/$1, arguably affecting the real sector and suffocating the global competitiveness of the country.

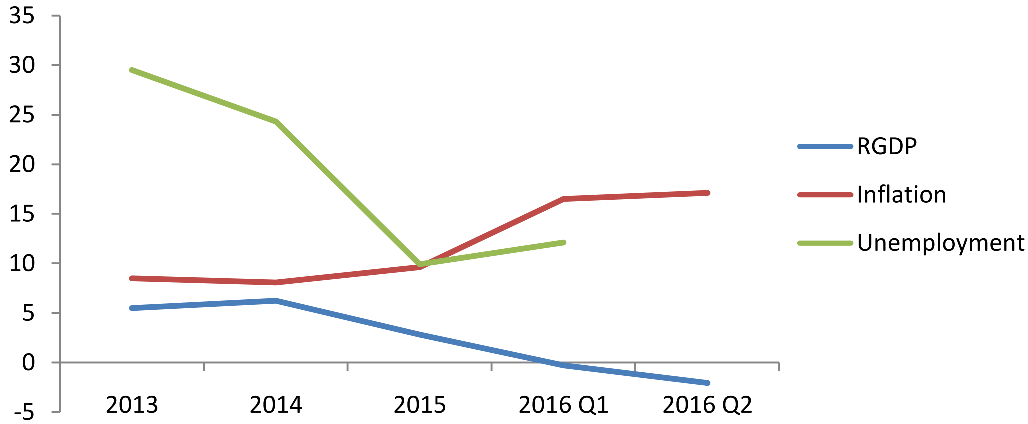

Fig 3: RGDP, Inflation, Unemployment 2013-2016Q2

Source: NBS (2016).

Onuchuku (2016) described the above as secular stagnation. This is simply because the average rates of inflation and unemployment in Nigeria between 2005 and 2015 were 10.68% and 18.19% respectively. The trend shows a weak economic outlook and represents typically poor macroeconomic performances. What this portends is that the economy has slumped into recession.

The obvious dependence on crude oil export in the 1970's, with the consequent decline in agriculture production, affected the economic environment of the 1980s. Crude oil prices rose from $3/barrel per day in 1970 to $11b/d in 1974. In 1978, it increased from $14.9 to $33b/d in 1979 and further rose to $44.4 b/d in 1980. Two indicators emerged from the growing sale of crude oil production. Firstly the importation of consumer goods rose from 440 million in 1974 to 2.136billion in 1978 and 3.897 billion in 1981. Secondly, the real sector within those periods depended heavily on the importation of raw materials and capital goods to produce against exploiting local resources (Bangura, 1987, Okuntola, 2012). Lastly, Nigeria's gross earning accrued from crude oil export. Crude oil as the crude oil price plummeted.

VII. RECOMMENDATIONS

Based on the two-sided shock effect, policymakers should implement expansionary fiscal policy and stabilization policy to boost aggregate demand and lessen the impact of covid-19 on the economy. In addition, adopt a monetary policy to stimulate investment financing on real and the informal sector, and sustainable financial inclusive system to enhance balanced financial intermediation process from surplus spending units to deficit spending units in a timely manner. Also, the financial smoothness will create a favourable business environment where the cost of capital is at a business acceptable form.

All economies that have survived economic crisis e.g. Great Depression 1936, Global Economic Meltdown 2008, etc. have adopted perceptibly the use of the visible hand of the government to correct and reverse the trend. However, identifying and studying the nature, causes and dynamics of each recession would provide solutions to economic problems. There are the macro-level factorial effects of recession such as reduced liquidity and tightening of credit markets affecting both public and private sectors, exchange rate depreciation, decline in foreign investment e.g. FDI, ODA, etc. and micro-level factorial includes decreased demand and consumption, price instability, etc (Paulus, 2011).

It is imperative to note that Nigeria has experienced three inter-period recessions such as the 1981-1983 recession, the 1991 recession, and the 2016 recession. Historically, Nigeria's recession has been fairly associated with a slump in the international price of crude oil and its domestic attendant effect has always perceptibly affected the fiscal space causing fiscal imbalance, poor financial climate, low investment behaviour leading to divestment to other business-friendly economies, fall in GNI of the country and development indicators. The negative multiplier effect on the micro-foundations (household income) and macroeconomic performances (real sector) require government intervention. Reliance on the market to restore equilibrium will cause lots of economic disasters hence the rationale for government intervention.

Keyne's idea is practical and can be used to stimulate production. It relied heavily on aggressive government spending aimed at stimulating the economy. Keynes recommended government intervention through expansionary fiscal policy. Since GDP and unemployment are inversely related -2.06% and 17.1% in Q2 of 2016 respectively and inflation is 13.3%; we hence recommend targeted expansionary fiscal policy directed at, viz;

- To re-diversify the productive base of the Nigerian economy by reducing the country's dependence on crude oil. This can be achieved by looking-inwards rather than our continued reliance on global conditional assistance and to the western economies for leverages.

- Reduce by 50% of all political office holders' wage bills and allowances.
- Cut-down on recurrent expenditures and security votes for government agencies.
- Demystify too much politicization of political decision, policy-making and implementation in Nigeria.
- Improve budgetary investment to capital project to 60% e.g. strategic infrastructure investment. (Claudia, C. et.al. 2011).
- Strategic and programmed institutional reforms e.g. to tax reforms, reform civil service operations in Nigeria to be targeted oriented. By set target to
- The building of macroeconomic buffers reserves and national savings to protect and sustain the domestic industry.
- Pursue domestic-export diversification and import substitution strategy
- Improve and sustain the business environment
- Increase Property tax and bequeathed inheritance tax for the wealthy in society.
- Funding of health care, R and D's, REMODEL Education programs that have a direct bearing on the industry.
- Fiscal rebalancing, exploring renewable energy and endowed energy, investing in the future (Joshua, M. et.al. 2013).

VIII. MIXED-BASKET ECONOMIC POLICY: PROGNOSIS

The Keynesian recommendation came at a time when the problem of the global economy was on the issue of insufficient aggregate demand. Especially, the western economy, hence the recommendation that the government should spur up aggregate demand to solve the issues of the global economic recession at that time. During the Global Meltdown of 2008, OBAMA administration constituted bail-out funds which were a type of Keynesian policy prescription. In connection to Keynesian expansionary fiscal approach and development plans, we recommend sound monetary policy and supply-side policy prescriptions. Because;

- Government borrowing causes distortions and crowding-out effects on private sector participation in the economy.
- The current economic crisis is not an issue of inadequate aggregate demand because inflation is in double-digit. Proper tax reforms and sound public policies will help control inflation if the government sincerely wishes to jumpstart the economy.
- The issue of leakages in the system which is obviously a resultant effect of too much government presence will be controlled by concerted responses to sound public policy reforms and zero-tolerance for corruption.
- Nigerian economic crisis is often associated with a fall in crude price and high import bill showing low domestic production and too much consumption of foreign goods thereby weakening the naira base. In this case, the government should pursue import substitution policy; improve spending in agriculture and increase restriction on finished goods into the system.
- And other policy measures.

IX. CONCLUSION

Generally, Nigeria's economic recession of post 2020Q1 should be time for rethinking and re-strategizing economic solutions to birth a new economic and political direction for the country. The present globally-driven covid-19 health crisis and global supply glut are exogenous economic recession. This implies that the government ought to pursue a far reaching development plan and policy to re-diversify and restructure the economic base of the nation. To reposition the economy away from over-dependence on foreign goods to home-goods which will help stimulate the economy, stabilize the country foreign reserve and increase government fiscal revenue through tax reforms from local producers and local consumers. The cost and length of the post 2020Q1 global covid-19 recession were datafitically determine. Due to the weak economic productivity base of the Nigerian economy, recovery would be around 2021Q1 ceteris paribus.

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