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NIGERIA’S SURVIVAL OF THE GLOBAL FINANCIAL CRISIS IN THE 21ST CENTURY – WHICH WAY NIGERIA

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A spectre is haunting the world: the spectre of total collapse of the global economy as a result of the greed of a few decision-makers and the failure of regulators of the market in some countries. It should be emphasized, however, that cyclic booms and depressions are essential ingredients of the capitalist system, thereby rendering the so-called global meltdown not totally unexpected to those who monitor developments in the global market-place.

The interdependence and inter-connectedness of the economies of countries within the global capitalist economy are such that when the biggest players sneeze, the marginal ones catch cold. In what is proving to be a financial swine flu, those without the wherewithal for survival in today’s world would be left with no other fate but perdition and doom. The beggar-thy-neighbor or dog-eat-dog mentality that characterizes the contemporary global economy ensures that only bones are left for late-comers. In the scenario painted above, it would seem that everybody is for himself while the devil takes the hindermost. This paper expounds the extent of damage caused by this ‘global melee’ in the Nigerian environs.

It is on account of the foregoing that different members of the international community have been compelled to devise their own ways and means of coping with the impending conflagration, based on their peculiar circumstances and nuisance value within the global framework. Accordingly, the mission of this paper is to examine the current scenario with a view to learning a few lessons in the task of containing the impact of the crisis for the Nigerian economy which has been characterized by stasis and inertia or, at best, band-aid solutions for a malaise that requires complete overhaul of the way and manner we have been

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carrying on. Specifically, I shall examine the crisis that is threatening to bring the roof down on everyone’s head. However, perhaps we should begin by reminding ourselves how we got to our present sorry past.

We live with a new global reality that has threatened to amputate various economies of the world. This global recession has affected several aspects of every nation’s economy including the sustenance of human capital resources in Nigeria. It is to this end that Nigeria being a part of world economy is faced with the dilemma of maintaining a sustainable workforce and a sound national and economic development. This paper would explore the numerous impacts of global recession in Nigeria with regards to human capital development.

In Nigeria, we are keen to be acknowledged as part of the global economy. We readily adopt strategies in keeping with our profile as part of the global market system. If there has been said to be a global recession, and a massive wave of unemployment, Nigeria is thus also affected. Incidentally, the news from the world’s strongest economies is that more than seventy years after the last major global recession in the aftermath of the Second World War, the world is again in a period of significant economic decline. Is Nigeria genuinely affected? Everyone knows how destructive this global recession is. This paper would proffer plausible solutions and policy measures that can ensure that Nigeria survives the 21st century through its sustainable national development.

With the global financial melt down, and subsequent drop in crude oil price, economy operators have said the crisis could shortly affect the government’s spending and projects execution. The issue portends grave consequence since the country largely depends on oil for sustenance. Also, the Federal Government relies on oil benchmark to fix it budgets. However, the challenges can be overcome through prudent fiscal policies. Finally, this paper proffers plausible solutions and recommendations on various fronts on the survival paths to be undertaken by Nigeria in the quest for survival.

The Global Meltdown and the Rest of Us

‘In Nigeria, like other primary commodity producers and monocultural economies, the effect, to put it mildly, has been harrowing. The hopes of false prophets that we were immune from the fall-out of the meltdown became mere wishful
thinking as both our capital and financial market went on a downward spiral that has been adjudged as perhaps the most devastating in the world. The de-industrialization and capital flight which preceded the global economic meltdown has since been exacerbated by an almost unmanageable credit crunch, massive staff layoffs and drastic reviews of corporate plans and projections. An economy that was experiencing incredible unemployment, inflation and ballooning inter-bank lending and interest rates has now been confronted with a near collapse in the middle of a devastating crash in the international price of our most important source of foreign exchange-crude petroleum. Indeed nothing seems to have brought the dire straits of the economy home more to Nigerians than the present outrageous exchange rate of the naira vis-à-vis other currencies’.2

In stressing the extent of damage caused by this economic disaster, the President of World Bank laments;

‘There is a widespread recognition that the world faces an unprecedented economic crisis; poor people could suffer the most and that we must continue to act in real time to prevent a human catastrophe’3

Most importantly, while the rest of the world had been wrestling with efforts at damage limitation and all manner of attempts to contain the fall-out from what is threatening more and more to become a full-blown global depression, we are yet to see a comprehensive, well thought-out rescue package for the ailing Nigerian economy. If indeed we wish to cut our losses from the current situation and make speedy process towards an exit from the current cash squeeze, it surely is not too soon to start to elaborate a fitting response to what has been characterized by some as a global financial tsunami.

Nigeria and the Global Meltdown

Despite the devastating effects of the global financial crisis on the Nigerian economy, with the crash in oil market prices, a massive foreign disinvestment,

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3 World Bank: Economic Crisis turning into calamity, The Punch ,April 28th , 2009
the collapse of its stock market resulting in around 65 percent loss of value, ballooning lending rates, incredible unemployment rates, collapse of public infrastructure and public utilities, shutdown of numerous factories and production units, ravaging corruption in practically every sector of the economy, lack of a safety net like unemployment insurance, real and effective health insurance, one can go on and on, it is almost unbelievable that our response to the crisis, has been largely timid and unimaginative, if not, in fact, a non-response.

In our usual way of doing things, a so-called blue-ribbon panel has been appointed which seems to have gone comatose. Aside from noises about privatization of the refineries, removal of mythical fuel subsidies and the suggestion that banks (and insurance companies) adopt a common year end for their accounts, little else has been put on the table for the resurrection of the nation’s economy. Of course, there is the proposed reduction by 20 percent of the salaries of some public office-holders (nothing said about their sumptuous allowances) and the much-touted N200 billion Commercial Agricultural Credit Scheme. However, if one was waiting for a global and comprehensive blueprint on the scale of South Africa’s response, it is pretty obvious that we have to wait quite a while yet.

Now, it is not that we lack the intellect to articulate a well-rounded response to the present situation but it must be noted, with regret, that we are yet to emerge from the inertia that has descended on policy formulation in the past couple of years or so. Regrettably, it is not only ourselves that are complaining about the immobility in public affairs. The rest of the world would seem to have given up on a country that forever continues to snatch defeat from the jaws of victory. Now that we have been reduced to lamenting over the way we are being ignored by the rest of the world, perhaps someone would just wake up and come up with a tour de force on the nation’s present predicament and what needs to be done to come out of the impasse.\(^4\)

Those who lost fortunes at the stock market during our own meltdown or lost their jobs to a ravaging recession which had ignited massive layoffs in the battle for survival by their employers should not just sit at home licking their wounds. Same goes for graduates of our numerous universities and polytechnics who have been treading the streets in quest of non-existent jobs. We should all mobilize in order to ensure that correct policies are put in place by government.

\(^4\) Ibid
We need to decry and demand an end to questionable, unethical, sharp practice involving acts such as insider trading, rigging the stock market, tax and custom duty evasion, etc. all of which result in undoing the economy, job losses and impoverishment of the people. We should as a people insist on good corporate governance, transparency and accountability in the different facets of the economy in consonance with tested standards and international best practices.

The time is indeed ripe for strengthening our regulatory agencies so that they can arrest all manner of malfeasance in both the money and capital markets. We must do everything that we can to block all the leakages in the financial system in order to be able to redirect our financial resources to critical areas of need in the economy instead of finding their ways at present largely to private pockets.

It should be sounded loud and clear that the times deserve drastic action to contain a drastic crisis. The transfer of industrial production to neighboring countries should inform the powers-that-be that if correct policy measures are not taken immediately to remedy the situation, we might (God forbid) be left with no country that we can call our own. Indeed, it is a lesson in shame that Nigeria had already been grouped among failed states like Somalia, Rwanda, Sudan and just to mention a few. The fate of failed states like Somalia should be a wake-up call to the ruling class on the necessity for policy reversals that would rescue the economy from the abyss on which it is precipitously hanging.

Since the global financial crisis hit credit institutions in the United States (US) and Europe, there have been speculations that the problem would affect the finances or better still, governments across the world. The reason is that national economies depend on one another for survival, and as such, no economy can be insulated from what is going on from the rest of the world.

Of great concern is Nigeria, the eighth largest producer of crude oil and a strong member of the Organization of Petroleum Producing Countries (OPEC). Nigeria generates 85 per cent of its revenue from crude oil. The Federal Government finances the annual budget largely through the sale of crude oil. Currently, the nation’s foreign reserve is about $56 billion, against $64 billion recorded in the past two months. The price of crude oil per barrel hovers around $60. Before now, the price of crude oil was between $140 to $145 per barrel. The drop in the price of crude oil would affect the federal and state governments’ spending if the crisis continues. Several reasons account for this development. For instance, the Federal Government uses price of crude oil to benchmark its budgets. The implication is that Nigeria’s economy is based on one commodity- crude oil-and
negative developments in the global oil market would have similar impact on government’s funding. Simply put, persistent drop in crude oil price means that the government would have less to spend for capital projects in the years ahead.

Little wonder that there is anxiety over the ability of Nigeria to meet its budgetary needs or allocations since the global financial crisis broke. Analysts posit that the crisis would affect the budget’s benchmark for 2010 and that the Federal Government may be tempted to spend part of the proceeds of excess crude. The development makes many industry observers to conclude that capital projects financing and indeed several other policies would be affected if urgent steps are not taken to prevent the backlash of the global credit crunch.

Already government had solicited support from various stakeholders to address the effects of global cash crunch. The Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), Nigerian Stock Exchange (NSE), banks and the Ministry of Finance are working to reduce the impact of the financial crisis. These bodies, have through proactive measures, ensured that operators in the nation’s capital market have access to credit facilities. Central Bank of Nigeria has expanded the discount windows to increase lending, and has also reduced the cash reserve ratio from 40 to 30 per cent to ensure liquidity. The measures would help strengthen the private sector initiatives if they are sustained. But the challenge is daunting for the Federal Government that has to fund various projects. The challenges are in the areas of getting enough public projects. These problems, caused by the falling prices of crude oil, are capable of dislocating the economy. But the problems of financing government’s projects, among others, can be overcome if the Federal Government puts in place necessary measures.

It should be brought home to all concerned that Nigeria is indeed at a crossroads. One turn leads to recovery and re-invention of our self-confidence and innate ability to tackle the existential problems confronting the nation’s economy. The other leads to inaction, perdition and ultimate collapse of the nation’s economy. It is my fervent hope and wishes that we take the right turn and launch our nation along the path of rediscovery and self-actualization.

ECONOMIC RECESSION AND SECTORS IN NIGERIA

‘Confidence has been shattered and stock markets around the world have suffered significant losses. Major financial institutions, some of which withstood world wars and the great depression, have either collapsed or been bailed out. While it is
easier for nations with well-developed and virile human capital to overcome the scourge, it may be too devastating on complacent economy like ours with under-developed manpower resources. The cruel effects can be too unbearable on a nation that is still groping in the dark alley of education system'.

Initially, some economic analysts in Nigeria were prevaricating and playing the ostrich about the incidence of the financial meltdown, which has engulfed most advanced economies of the world. Most of these casuists then were saying that the recession could not have direct negative effect on Nigerian economy. According to them, the effects of the credit crunch and financial hurricane blowing in the US and Europe, leading to the collapse of notable multinationals, could not, in anyway, affect the Nigerian economy. That Nigeria was insulated. So much for the armchair analysts. Indeed the recent economic downturn in the world has threatened to drag nations into oblivion. Its impacts are felt in human capital development which is one of the major tools for economic sustenance in Nigeria. These cruel effects are worthy of mention.

Talking of job losses, the global economic recession has added more venom to the festering sore in Nigeria. Just in one year, Cadbury has retrenched 300 workers while vehicle maker Peugeot Automobile Nigeria (PAN) has sent home 565 out of its 753 workers and the rest on half salary due to the recession. The recent plan by some banks in the nearest future is to reduce their workforce. The roll of the global financial crisis that has sent most national economies into a tailspin mounted further with fresh statistics revealing that the already bloated ranks of the world’s poor nations could soon swell by as many as 100 million people. The order of the day in the wake of economic recession is salary reduction. Gross reduction in salaries has reduced both financial and non-financial motivational tools drastically. These may include decline in the willingness and co-operation towards organizational objectives, disloyalty to the organization and its leadership, indiscipline and conformity to rules, low interest in the organization, poor performances and lack of personal initiative, a display of lack of initiatives and unwillingness to take action and an inconsistent desire to achieve.

The weakening of the global labour market affects a broad spectrum of industries and occupations in the Nigerian economy. Even rising stars at technology

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companies accustomed to poaching by rival firms are now hedging their bets and focusing on immediate job security. Workers in financial services, manufacturing, and retailing are facing massive job cuts. Managers and engineers previously ensconced in comfortable positions at high-growth companies also confront growing uncertainty as the downturn spreads to once-robust sectors of the economy.

Unemployment has been a reality in Nigeria even before the current ‘international’ alarm was sounded. Nigeria, has in reality (perhaps not according to economic theory or in statistical figures) been labouring under a recession for a very long time. Both in the formal and informal sectors, the country have struggled with declining (and almost non-existent) economic activity since the oil boom of the 1970’s. The number of people willing and able to work and who do not have any gainful employment has long been a factor of the country’s economy. The Nigerian worker has never experienced a relative ease of assuredness in matters of employment - graduate, professional, or low-skilled, the nagging thought of being unemployed has always been present in the social consciousness. In Nigeria the unemployment effect of global recession is lethal. It is a lesson in shame that we live in a nation with dependency population of over 60million people prior to economic downturn. Unemployment rises and household incomes drop. Households cope to meet basic needs through a variety of mechanisms such as sending out children or the elderly to work, reducing consumption of food and other essentials with consequences for health, withdrawing children from school and so on. Such coping strategies have not only immediate consequences for well being of the individual and family, but undermine longer term development for the society as a whole.

But the impacts are more complex. The experience of Nigeria is quite a startling example of this. Devaluation in our currency leading to increase in prices to the point where a median salary could no longer buy a basic basket of consumption goods. Even our take home $1 per day cannot even take us home. To this end, Adewale Dada, a Canadian-based advocate for strategic foreign, economic and investment policies posits;

‘Many Nigerians are aware but technically oblivious to the implications of the unfolding crisis. Thankfully our economy has not developed the linkages with the globalization train that the U.S., Europe and South Asia has been trying to board the rest of us on. Indeed, the NSE has lost 30% of its value since the beginning of the year but the fundamentals of the Nigerian economy remain
strong. The telecom sector is now the fastest on the continent with more subscribers than in South Africa, domestic gas consumption is improving kudos to President Yar’Adua’s directive in that regard, annual economic growth is projected at 6.9% and the regulators have pumped in close to $10 billion to steady the American Contagion on our capital markets.\(^6\)

We can hold off popping champagne and patting ourselves on the back until we have a clear plan of action on how we mitigate the impact of the global crisis. First of all, it’s a good thing that the CBN and SEC were quick in assembling major banks to pump enough liquidity into the domestic economy. However, the push seems to be driven by major players on Broad Street without a clear plan for how manufacturers and other business men and women are able to get affordable interest rates on their loans. It is ridiculous in the middle of a Nigerian economic expansion and falling rates (albeit government induced) in the EU and the United States that loans are offered at 15-29%!! How in the world do we expect sustainable infrastructure financing and the achievement of Vision 2020 goals if banks who declare significant amounts in profits refuse to have decent rates for the business community? Don’t get me wrong, I have no issues with the financial community; I just feel it is imperative that Abuja wakes up and develops a nimble and proactive economic emergency plan so we don’t get caught with our pants down like in the 1980s when oil prices dropped dramatically and put Nigeria in a serious conundrum.

Barely two months ago, the Federal government had estimated that the renewed militant insurgence was costing the nation over one million barrels of crude oil per day, and this translates to about 8.7billion naira daily going by the $60 per barrel price of oil in the international market. All of these have been caused by the attacks on oil installations by Niger Delta militants.

On the economy, the Nigerian Gas Company had recorded a daily loss of 200million standard cubic fuel of gas following the destruction of gas pipelines in Warri. Last year, the oil producing trade group reported that Nigeria was losing $10 billion annually owing to the crisis in the region. This present situation has rankled the country’s fragile economy, already pummeled by global economic crisis and whose growth prospects have deteriorated significantly.

'For instance, the International Monetary Fund (IMF) report this year projects a growth of 2 percent for Nigeria in 2009 and 2.6 percent in 2010, a major decline from last year’s 5.3 percent growth rates, all of these coming from a fall out of our mono-product export - Oil. The fall in oil export receipts has denied confidence and, together with increased cost and shortened tenure of Foreign exchange market and caused some banks to experience liquidity problems.'

It is unfortunate to see some economic planners make comments that we should stick to the status-quo and avoid interventionist policies. I am not an anti-

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faire activist by any means, but I do know when inaction can impact the personal funds and investments of millions of Nigerians. If the economists on Aso Rock do not realize it yet, the ‘great’ United States of America has abandoned its own idea of being a capitalist society and the Obama’s administration has adopted more interventionist policies than the average American ever dreamed of. With the US government buying shares in major financial institutions like Fannie Mae, Freddie Mac, AIG and possibly others; the US has taken solace in radical economic socialism that is warranted due to the excesses of Wall Street, Main Street and an incompetent Congress. With over $60 billion in global funds, Nigeria currently has the 24th largest foreign exchange reserve base in the world and is in a position to do some significant financial restructuring on the local economy. With this leverage in play, economic planners and politicians (oh yes, we need them to get this done too) must sit down and hammer a comprehensive plan to protect our long term economic development goals.

First of all, it is pertinent to restructure the financial industry. The 2005 restructuring of the banking sector was great and indeed our banks have done excellent work, building networks across the world and dominating the ECOWAS region. However, the bane of the financial sector is inadequate innovation and shabby regulatory regimes. When the CBN maintains the responsibility of monitoring such a vast financial community, we are unduly burdening this entity whose main function is monetary in nature, with matters that are irrelevant to its constitutional authority or that it lacks the capacity to properly oversee. In that regard, innovation also has to be the name of the game and it starts with the most important person in the Nigerian financial industry: the customer. It is rather disappointing that the financial planning industry has not taken off in Nigeria, not because of a lack of entrepreneurship by our men

and women but a regulatory environment that stifles such innovation and relegates financial advisory services to the background.

Of essence is a comprehensive infrastructure development policy. The silly statement was made in the 1970s that Nigeria had so much money that we didn’t know what to do with it, we all know where that mindset got us to, don’t we? In the 21st century, we have a great opportunity to right the mistakes of the past and put our money where our mouth is. I am happy with President Yar’Adua’s plans for a systematic infrastructural development plan across the country but what I would prefer is the integration of that plan with an honest and CORRUPTION-FREE electric power policy. We have decent funds in the foreign reserve account in a currency that is rapidly losing value and we should take advantage of falling prices worldwide to acquire the skills, equipment and companies that would build the roads, railways, hospitals and power plants that keep our economy strong. Also, Abuja must commit to using Nigerian expertise and businesses during this phase. Enough money has been wasted importing half-baked personnel from other countries while Nigerian professionals run multibillion dollar companies and projects across North America and Europe. If there is a deficit in our skill base, we welcome any company to make their money and at the same time, have the opportunity of joining us in making our republic more prosperous. Skill transfer should be the number one priority for foreign investment in Nigeria and if foreign contractors refuse to commit on that point, they should be shown the road to any of the international airports.

The National Economic Empowerment Development Strategy (NEEDS) document (an alternative to the treacherous Structural Adjustment Program (SAP) policy of the IMF that sapped the life out of many Nigerians in the 1980s and early 1990s) should be made an evergreen document for every Nigerian child, woman and man. By evergreen document, I mean government must attempt to make sure that the goals of NEEDS meet the needs of us all without favoritism to some and the exclusion of others. The document prepared in 2004 must address the changes in our society and adopt the requisite strategies. Ask the average Niger Deltan if NEEDS works for them and I guarantee you that their response would be negative. Poverty across the country is a problem but the case of Nigerians in the north and the Niger Delta is a pointer that we are living some people behind. If we don’t want economic disenfranchisement to breed unrest and domestic terrorism, we must force our government to invest heavily in education, hospitals and environmental protection in those areas. I don’t want to live in a country that places a premium on others and excludes certain groups. If Nigeria and Nigerians do not get this right, the problem of
poverty could be replaced (God forbid) with communal violence. It is my understanding that most Nigerians would hate their country to be labeled as terrorist safe havens like Pakistan or Afghanistan. In that regard, I urge policy makers in Abuja to push for reforming the NEEDS document to have focused solutions on helping poor communities across the country and following through on their implementation.

This crisis like many in the past would come and go. The question at the end of the day would be: who would be declared winners and who would bear the tag of loser? In an age where geopolitics is integrally intertwined with economic fundamentals, Nigeria must wisen up.

Stemming a never-ending recession-Towards a sustainable development

‘No country is going to create wealth if its leaders exploit the economy to enrich themselves. In the 21st century, capable, reliable, and transparent institutions are the key to success. The essential truth still remains ‘each nation determines its own destiny. Old habits must be broken. Dependence on commodities, or a single-product export,’ concentrates wealth in the hands of the few and leaves the entire nation too vulnerable to downturns.’

In Nigeria, oil brings great opportunities. But as so many Nigerians know, oil cannot simply become an end in itself. From South Korea to Singapore, history shows that countries thrive when they invest in their people and infrastructure when they promote multiple export industries, develop a skilled workforce and create space for small and medium sized businesses that creates jobs because in the 21st century, we are called to act by our conscience and our common interest, Nigeria’s diversity should be a source of strength, not a cause for division.

Recognizing the expedient nature of proffering solutions to economic downturn, President Yar’ Adua resounds;

‘In the face of these challenges, we have an abiding obligation to provide strong and focused leadership within the ambit of the ECOWAS, and this summit provides us a platform to collectively interrogate those issues which

8 An excerpt from President Barrack Obama’s speech in his first visit to sub-Saharan Africa, Ghana, ‘Africa does not need strong men, it needs strong institutions’, Daily Sun, July 14th, 2009, pp 44.
mediate growth and development within our region, and work out sustainable solutions”

A lesson both from the unsuccessful programmes already carried out in the country and from the operations of the world’s stronger economies is imperative if we sincerely wish for this problem to be solved. A crash course is as follows:

‘To facilitate employment and national economic growth, the human resources of a country must be active: they must create businesses that offer something in the market. The government must then regulate the economy in such a way that this creative activity is open to all, and is sustainable’.

Let us rip this concise statement apart and offer a view of the behind-the-scene implication of the statement above. Critical thinking (to identify viable initiatives), creativity (to bring to light ideas for business whether in goods or services), pragmatism (to ensure financial costs and projected rewards of ventures are realistic), collective action (towards uniting ideas, capital, investment, and work on an identified project) R&D (for improvements and corrections in business models), professional diligence (for hard work; to maintain sustainable business practices and eschew mismanagement), political sagacity (to lobby government action towards protecting businesses and providing necessary infrastructure), common sense (to read market trends); and finally, an enabling environment (effective governance and regulation), are mandatory to address the problem in Nigeria.

Inevitably, these words will read like a social manifesto but there is no escape from it: the problem calls for a collective approach. Our formal and informal education systems must be re-orientated towards practical ideas and alternatives for employment. We must encourage both old and young to ‘think outside the box.’ Young persons who are the worst affected in Nigeria and who have to wait for the older generation to give up the battle of hanging on for dear lives to their jobs have to be encouraged to become entrepreneurs themselves. Everyone, not just the rich and wealthy should be encouraged to become investors; the idea that investment ought to come only from foreign sources continues to render us both economically and psychologically dependent on Western aid to our detriment. The Nigerian government and

9 An excerpt from President Yar’Adua’s meeting with ECOWAS, Daily Sun, 23rd June, 2009, pp 11
everyone who ought to invest in the knowledge, talent and skills which abound in so many Nigerians particularly the youth, and see these efforts as a contribution to the nation’s social, economic, political, scientific and technological progress.

I doubt if history will detract from the truth. In the 21st century, in the wave of a new global recession and massive unemployment, the West is tackling its problems not just for today, but with an eye for the future. Whether we choose to believe that we are directly affected by the global recession or not, the fact is that Nigeria, without harnessing the productive force of her human resources, continues in a downward spiral of economic decline.

It is just logical to say that job cut is not the way out to global meltdown. When one is faced with a depression like we have in the world, the most effective way to fight it is to put people on the job. Even in America, when there was depression in the 1930s, the President of America was employing people even to dig holes while others fill the holes just to create jobs, give more money to people to purchase so that there will be demand which will create supply and vice versa and as such there will be a multiplying effect. To this end, Professor Sam Aluko, a foremost Economist and Former Chairman of National Economic Intelligence Commission (NEIC) posit;

“If during a depression, you continue to reduce wage, you continue to reduce employment, you are deepening the depression. Even the idea of cutting salaries of employees is castrating the economy because it would have a devastating effect on the financial motivational factors which would invariably transfer to the non-financial factors resulting in low productivity and consequently damnation to the organization’s business and the economy at large. Give money to people to purchase so that there will be a multiplier effect.”

Cutting salaries of employees is uneconomic and it will deepen the depression. Corporate bodies and all sectors of the economy should be employing people now. Why must these salaries be reduced bearing in mind that we live in a society where public officers are very extravagant. A nation where about 260 million is spent on each senator and about 135 million is spent on each member of the house of representative. Even cutting these salaries by 25% would not have

11 An interview with Daily Sun on economic meltdown, Daily Sun,13th July,2009,pp 50
any effect because in the first instance, they ought not to be earning what they are receiving.

It is in this light that it is only pertinent to canvass that employees must be paid continuously without any reduction because it would give money to the people which will lead to demand and subsequently create supply and there would be multiplying effect. This is pure intellectual economics. A complexion of this argument boils down to the fact that proper wage scale would lead to efficiency and large productivity, thereby increasing national development, high standard of living, development of intellectual capacity and reduction in corrupt practices.

Any country that desires guaranteed economic vitality and self-sufficiency, high quality human development indices, social well-being and qualitative life for its citizens must of necessity place high premium on human capital development. Poor human capital development greatly impedes optimization of available potentials and opportunities to better the society and improve the quality of life of citizens. Chronic under-development with its attendant negative symptoms like hunger, poverty, disease, brain-drain, optical flight, huge debts, political instability etc. are consequences of paucity of human capital.

It is obvious that in our present knowledge based and driven society, a nation’s human capital is its most valuable asset. The availability and effective exploitation of human capital is crucial to the efforts of nations for growth, development and international relevance. The competence and expertise of knowledgeable, skilled and resourceful citizens and manpower are required to articulate, nurture, operate and sustain enabling policies, functional systems and effective institutions to meet national objectives. There is a strong relationship between a country’s human capital development efforts and her ability to engineer and attain social and economic development.
RECOMMENDATIONS

- We need to set a target rate where the funds from the sale of crude oil should not be distributed to other tiers of government, but set aside for periods when the oil price falls below a designated floor.
- We need to reduce personal taxation and other tax rates to encourage investment and consumption by corporate bodies as well as a resolute eradication of corruption.
- We need to roll up our sleeves to help form and grow new companies and businesses that will create new and proper employment for Nigeria.
- We need to aggressively pursue pro-enterprise growth policy that can shield the country from future economic earthquakes.
- We need to proactively move from mono-product export to multiple production of goods that are worthy of exports. Crude oil is not an end in itself.
- Nigeria is not a crude caricature of a continent at war. There are several wars over land and resources. The issue of Niger Delta should be resolved with such transparency that is devoid of distrust and betrayal. Not only is it historically inevitable, such an approach provides a context within which the aggrieved oil-producing areas can feel a genuine relatedness to the national question otherwise there would be massive loss of money from the seemingly unending crisis in the region.
- A strong legal framework is of utmost importance. No reasonable investor would invest in a place where he cannot get remedy if his establishment is aggrieved.
- We need a total revamp of our local industries; greater level of investment should be massively employed. There is greater need for more export products in the Nigerian economy if we are to survive this economic doom.
- Sustainable development and survival of economic meltdown solely depends upon good governance. This is the ingredient that has been missing for so long a time, this is the change that can unlock Nigeria’s potential.
CONCLUSION

The leading world economies have tilted towards multi-product exports, and that has been a source of economic rejuvenation even in downturns like we are facing now. Economies like China, India have already set the ball rolling. In Brazil, 70 percent of their cars run on ethanol, in America, there is a new phenomenon channeled towards powering vehicles through the instrumentality of chocolates. I believe that if this idea of mono-product export is not changed drastically, this nation would plunge into comatose. We are basking in the euphoria of our never-ending oil prowess, but it is a lesson in shame that other nations are gradually discovering alternatives to power their industries. But these things can only be replicated in our country if we take the bull by the horn and believe that ‘yes we can’. We must take responsibility for our future. It would not be easy; it will only take some time and much efforts from all and sundry. Survival cannot come from the wind, it must come from us, it must come from the decisions that we make, the things that we do, the policies we formulate and implement, and most importantly, the hope that we hold in our hearts.

The future is not predetermined. If we fail, we will leave our children and grandchildren a legacy not merely of economic uncompetitiveness and a much lower standard of living, but a seriously diminished quality-of-life stemming from an enormous gap between a minority of haves and a majority of have-nots that will undermine the basis of civil society and our democracy.