

Nigerian Economic Recession: Emphasis on Sound Transport Policy

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Abstract

Apart from the global economic and financial crisis which has become a major concern for political leaders, economists and managers of financial institutions across the globe, there are also factors attributable to economic recession in Nigeria; among is lack of good transport infrastructures which is as a result of unsound or defected policies, and bad governance that resulted into deep seated corruption. This present economic crisis resulted into lack of confidence by citizens in the present administration because of the severe level of affliction on Nigerian governance and leadership style. Economic recession can be referred to as economic crisis or financial crisis; it is a period of economic slowdown. During the colonial era, the development of transport system led to the exploration of agricultural produce and natural resources for onward shipment into the domain of colonial master. As a result of these, other significant infrastructures were developed; facilitation of effective colonial administration; and facilitation of effective security and national defense. This support the fact that transportation is an important factor in the modern society; it is capable of producing significant benefits, it helps shape an area's economic health and quality of life. Not only does the transportation system provide for the mobility of people and goods, it also influences patterns of growth and economic activity through accessibility to land. The significance of formulating and implementing sound policies in the nation's transport sector cannot be overemphasized.

Keywords: Economic recession, transportation, and transport policy.

1.0 Introduction

Apart from the global economic and financial crisis which has become a major concern for political leaders, economists and managers of financial institutions across the globe, there are also factors attributable to economic recession in Nigeria; among is lack of good transport infrastructures which is as a result of unsound or defected policies, and bad governance that resulted into deep seated corruption. This will be the main focus of the paper. This present economic crisis resulted into lack of confidence by citizens in the present administration because of the severe level of affliction on Nigerian governance and leadership style.

Moreover, it is quite unfortunate that the administration of some States within the country Nigeria want to attain quick and fast development; thinking that they can achieve it over night and comparing themselves with Lagos state which happen to be the most develop state in Nigeria. Those states embark on capital project and not taking cognizance of the citizen's welfare; they formulate unsound policy on heavy tax collection and forcefully implement it. Such policy although tend to be analytically based, politically acceptable but is not socially credible, not economically sound and not sustainable.

As a result of this capital projects embarked upon by the state government, they heavily deduct taxes from the state civil servants' salary which is originally not enough for the families of the civil servants for a whole month. The taxes have little or no significant effect because the infrastructures are scanty and unsustainable. Recently, the state government embarks on enforcing the collection of taxes on residential buildings without considering the income level of house owner. In the situation whereby the citizens most especially state civil servants receives salary which cannot even sustain his or her family for the whole month, they also embark of capital project after a long time savings and borrowing without support from the government; such cannot pay tax conveniently. There is need for the government to review tax collection policy and the means of collecting which must not be void of credibility as recorded in the past.

Economic recession can be referred to as economic crisis or financial crisis; it is a period of economic slowdown that is characterized by declining productivity and devaluing of financial institutions often due to reckless and unsustainable money lending (Wikitionary). Economic recession is a period of general economic decline and is typically accompanied by a drop in the stock market, increase in unemployment and a decline in housing market (Study.com). According to Kimberly (2016), recession is when the economy declines significantly for at least six months. Economic recession is a situation of warning before transitioning into economic meltdown. Economic recession is in-between economic buoyancy and economic meltdown. Economic buoyancy is a situation whereby the indicators of the economy are tending towards the upward position. Economic recession is a situation whereby the indicators are tending towards the positive horizontal or negative horizontal position. Economic meltdown is a situation whereby the indicators are tending towards the downward position (Adeniran, 2016).

Despite all maladies in the economy, policy is an attempt by government to address issues by instituting laws, regulations, decisions, or actions that are pertinent to transport problem. Policy is not only applicable in

providing transport infrastructures, but also in managing and operating, regulating, and allocating (man, material, money and machinery) in realizing the efficient delivery of transportation systems.

During the colonial era, Frederick Lugard (1858-1945), a British Soldier, explorer and diplomat who played an important role in Britain's colonial development in Africa attributed the major problem of Africa (Nigeria inclusive) is transportation; he said "give them transport, and the problem of Africa will be solved". The development of transport system led to the following;

1. Exploration of agricultural produce and natural resources for onward shipment into the domain of colonial master. As a result of these, other significant infrastructures were developed.
2. Facilitation of effective colonial administration.
3. Facilitation of effective security and national defense.

This support the fact that transportation is an important factor in the modern society; it is capable of producing significant benefits, it helps shape an area's economic health and quality of life. Not only does the transportation system provide for the mobility of people and goods, it also influences patterns of growth and economic activity through accessibility to land (The Metropolitan Transportation Planning Process: Key Issues). The significance of formulating and implementing sound policies in the nation's transport sector cannot be overemphasized. The efficiency of sound transport policy signifies that the policy is analytically based, economically sound, politically acceptable, socially credible, environmentally suitable and sustainable, for the betterment of the citizenry (Adeniran, 2016). This means, it will help realize efficient, accessible, safe, reliable, affordable and integrated transport system for the betterment of the citizenry.

2.0 Literature Review

2.1 *Sound policy as a result of good governance*

A sound policy is a reflection of good governance and effective leadership. In its political application, leadership suggests the ability to influence people towards the achievement of their desired goals (Robbins and Judge, 2007). It seems to illustrate a leader's ability to match his objectives with the situation in his environment. Governance is broadly referred to as the exercise of power through a country's economic, social, and political institutions in which institutions represent the organizational rules and routines, formal laws, and informal norms that together shape the incentives of public policy-makers, overseers, and providers of public services (Nwabueze, 2005). Good governance became the reducible criteria for assessment of government under the 1999 Constitution in Nigeria, due to the negative effect of military rule, the activities of civil society and the pressures of international financial institutions such as the World Bank, IMF and UNDP. Good governance is, among other things, participatory, transparency and accountability, effectiveness and equity which promote the rule of law. It ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of resources. Good governance is defined in terms of adherence to accountability, transparency, the rule of law and human rights policies. It is also traced with love, social justice, equity and fairness (Adeniran, 2016).

In other to foster sound policy formulation and implementation, good governance is expedient and must be devoid of corruption. There is a wide definition that corruption is the abuse of power or resources for personal profit and at the expense of others. It is not just about a specific act; but it is about our very mindsets and deep-seated behaviors (Adeniran, 2016). Corruption is an act of requesting, offering, giving or accepting directly or indirectly a bribe or any other undue advantage or the prospect thereof, which distorts the proper performance of any duty or behavior, required of the recipient of the bribe, the undue advantage of the prospect thereof (Kofele-Kale, 2006). Corruption is a system on its own existed from the combination of several sub-systems such as dishonesty, excessive love for money, ostentatious living, drug abuse, drug trafficking, disregard for time, examination malpractice, cultism, human trafficking, prostitution, kidnapping, robbery, and many other forms of negativity.

However, trustworthy government can only be instituted by leaders who can cultivate intellectual enormity and spiritual deepness. These are leaders who have risen above corruption and selfishness, and have gone beyond instinctive urges to defeat what Awolowo called the 'tyranny of the flesh' (Adeniran, 2016).

2.2 *Economic recession*

Economic recession is the combination of two different words "economic" and "recession". According to Merriam-Webster Dictionary, the word 'economic' deals with managing the production, distribution and consumption of goods and services. According to the same dictionary, recession is the period of reduced economic activities. The economic activities earlier mentioned are production, distribution, and consumption. According to Study.com, a recession is a general downturn in an economy. It is associated with high unemployment, slowing gross domestic product and high inflation. In the same view, recession is generally less severe than a depression; the blame for a recession generally falls on the federal leadership, often either the president himself, the head of federal revenue, or the entire administration.

Economic recession can also be referred to as economic crisis or financial crisis; it is a period of economic slowdown that is characterized by declining productivity and devaluing of financial institutions often due to reckless and unsustainable money lending (Wikitionary). Economic recession is a period of general economic decline and is typically accompanied by a drop in the stock market, increase in unemployment and a decline in housing market (Study.com).

According to Kimberly (2016), recession is when the economy declines significantly for at least six months. It means there is a drop in the following economic indicators which this paper will refer to as consequences of recession:

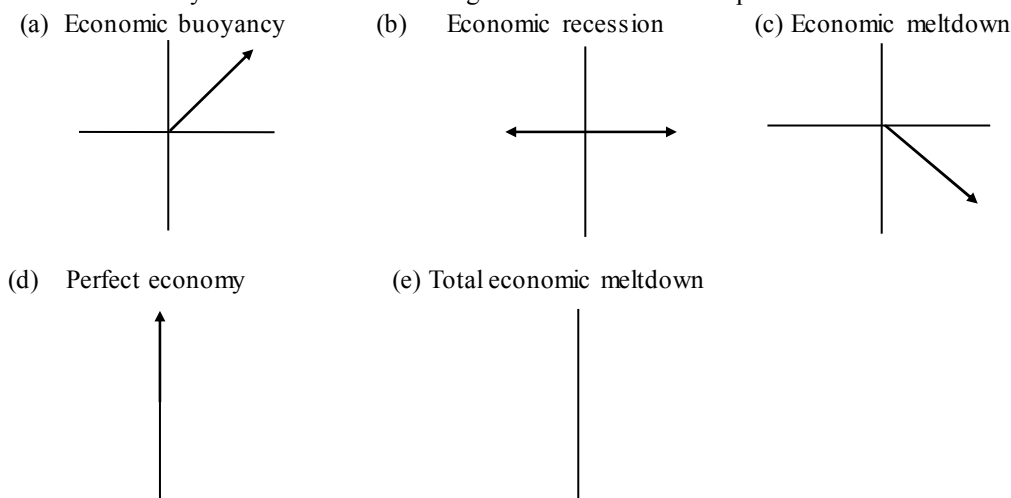
1. Real Gross Domestic Product (GDP);
2. Income level of individual and revenue generation of government;
3. Employment;
4. Manufacturing and
5. Retail sales.

2.2.1 General causes of economic recession

Among all causal factors of economic recession are:

1. High interest rates: This limits the liquidity or the amount of money available to invest.
2. Increased inflation: Rise in prices of goods and services over a period of time. As inflation increases, the percentage of goods and services that can be purchased with same amount of money decreases.
3. Reduced consumer confidence: If consumer believe that the economy is bad, they are less likely to spend money. This is psychological which have real impact on the economy.
4. Reduced real wages: Falling real wages means that a worker's pay check is not keeping up with inflation. The worker might be making same amount of money, but his purchasing power has been reduced (Study.com).

Economic recession is a situation of warning before transitioning into economic meltdown. Economic recession is in-between economic buoyancy and economic meltdown. Economic buoyancy is a situation whereby the indicators of the economy are tending towards the upward position. Economic recession is a situation whereby the indicators are tending towards the positive horizontal or negative horizontal position. Economic meltdown is a situation whereby the indicators are tending towards the downward position. As shown in the figure below:



Source: Adeniran (2016)

If economic recession reach the point of elastic limit such that it continues for six months and over; economic meltdown is inevitable.

2.3 Transportation

Transportation is the movement of people and goods from one location to another (Microsoft Encarta, 2009). According to Oxford English Dictionary, transport was derived from two Latin words 'trans' which mean 'across' and 'portare' which mean 'carry'. According to Merriam Webster Dictionary, transportation is an act, process, or instance of transporting or being transported. The same dictionary also defines it as a means of conveyance or travel from one place to another or a public conveyance of passengers or goods especially as a commercial enterprise. Longman Dictionary of Contemporary English (2003) defines transportation as a process or business of taking goods from one place to another or a system for carrying passengers or goods from one place to another.

Transportation refers to the process of conveying or moving of goods and people from place to place (Anyanwu et al., 1997). According to Good and Jebbin (2015) transportation is a system for carrying passengers, raw materials and goods from one place to another both internally and internationally, often through power driven

machines. It is commonly said to refer to movement of people and goods from one place to another (Okefor, 1998). Transportation service is the part of physical distribution activity which is concerned with the actual movement of goods to their various consumers (Good and Jebbin, 2015). This service enhances the fulfillment of production because production is said to be achieved if and only if goods get to the final consumers.

Transportation system has several elements or essentials without which it cannot function, the elements are;

1. Infrastructure; which includes the transportation network (i.e. roads, railways, airways, canals, pipelines, etc).
2. Vehicles, such as automobiles, trains, airplanes etc. This generally moves on the networks.
3. Operations, which deal with the control of the system such as traffic, signal and ramp meters, rail-road switches, air traffic control, etc, as well as policies, such as how to finance the system, for instance, use of tolls or gasoline taxes in the case of highway transport.
4. Nodes or terminals (such as airports, railway stations, bus stations and seaports), they are points where there is an access to any specialized form of way (infrastructure).

The essence of transportation in the developed and developing nations cannot be farfetched and beyond the following: economic purpose, spatial interaction and social integration.

1. Economically, transportation impacts on our national development in the following ways;
 - a. It utilizes a sizeable number of the nation's labour force. For instance, the transportation industry provides employment to the following categories of Nigerians.
 - b. All operators on road, rail, sea and air transportation services;
 - c. Bus, taxi, truck including private drivers of such vehicles and owners of tankers;
 - d. Operators of transport related terminals such as motor-parks, airports, seaports and railway stations in various locations of the country;
 - e. Air craft, motor vehicle equipment dealers and parts dealers; and
 - f. Transport related industries such as car-parts dealers (both new and used), car mechanics and garages, fuel service stations, highway employees and agencies, government transport employees, etc (Wilson, 2004).
 - g. All these work in different capacities and different parts of the country to enhance the operation of the nation's transport system. In quantitative terms, the transportation sector accounted for at least 0.84 percent on the average of annual employment of 49,522,028 Nigerians between 2003 and 2007, and the real growth rates of employment in the sector at constant 1999 level were 13.28, 7.65, 5.39, 6.75 and 27.6 percent respectively for 2001, 2002, 2003, 2004 and 2005 (NBS, 2008). The implication is that positive developments in transportation are more likely to increase employment opportunities for the citizens, taking into cognizance the consequences of unemployment on the nation.
2. It increases the Gross Domestic Product (GDP) of Nigeria in combination of number of ways;
 - a. Its services move goods and services to near and distant markets where they attract higher prices and profits for producers;
 - b. The higher prices and profits from sales attract business units to expand production which end up increasing their level of output. Second, transportation services spur the level of economic activities and economic development by enhancing the mobility of production factors such as labour, capital and entrepreneurship, thus permitting large-scale production or operation and the attendant increase in output. These activities widen the area that consumers and producers can draw upon for their products and resources as well as expanding the area to which a given producer can distribute its products;
 - c. Its services and related revenues to transport owners increase with increase in productive activities and the employment of personnel and their incomes, etc increase. All these increases in the value of goods and services arising from increases in the level of transportation services and prices combine to increase the value of the GDP. For instance, between 1981 and 2006, the transportation sector contributed above 3.4 percent on the average to Nigeria's GDP. Thus positive developments in transportation could really affect the economy favorably to make it a great and dynamic economy.
3. The Nigerian economy is crude oil and recently, natural gas driven. For instance, crude oil alone accounts for over 80 percent on the average of the Federal Government revenue annually as the figures 80.6, 84.7, 85.1, 87.2 and 78.1 percent for 2003, 2004, 2005, 2006, and 2007 respectively, show (NBS, 2008). But crude oil production in the country depend to a large extent on transportation especially pipeline, and to a lesser extent sea and road transportation. This implies that positive developments in transportation will affect the Nigerian economy positively through increase in crude oil production and the attendant increase in revenue to enable her become a truly strong and self-reliant economy and a land of bright and full opportunities.
4. Electricity is vital for development such that the rate of energy utilization is often used as a development

index. This is due to the fact that the effect of electricity usage re-vibrate through the economy, serving first, as a source of energy for industrial and commercial outfits, as well as wide spread domestic use and second, as an outlet for the products of other industries like coal, fuel, oil, natural gas, diesel oil etc, and the attendant employment generation. Apart from the Kainji, Jebba, Shiroro and recently Zungeru power stations that are generated using water, the rests are thermal stations which make use of gas mainly, or fuel as the case may be. The gas that fuels these power stations are transmitted through pipeline as discussed earlier. The import is that positive developments in transportation have the potentials of enhancing uninterrupted power supply all things being equal, and the attendant boost in virtually all the sectors of the economy, thus making the economy a truly strong, self-reliant, great and dynamic one.

5. It allows geographical specialization of industries. The existence of transportation services allows firms as well as regions of a nation to specialize in the production of goods or products and services which they can produce most economically in line with the Richardian principle of comparative advantage which asserts that an area should specialize in the production of goods for which it has the greatest comparative advantage or the least comparative disadvantage. Without effective transportation service, it will be difficult for specialization to take place.
6. Also, in Nigeria, the northern part uses its inertia to specialize in the production of crops like beans, pepper, onions, yams, vegetables, etc and rear cattle, goats and sheep etc in large quantities while the southern part concentrates on the production of forest products like kola-nuts, palm oil, garri etc. The availability of transportation has given room for the existence of a strong North- South internal trade relationship in which the excess products from the North are moved to the South where they are most needed while the excess products from the South are moved to the North where they are most needed, thus fostering unity between the two regions and strengthen the national economy. Equally, the above relationship permits large-scale production, expands local products market and provides place value to the products, all of which could combine to make the Nigerian economy a truly great, strong self-reliant and dynamic one, and land of bright and full opportunities (Good and Jebbin, 2015).

The world today is a global village in which Nigeria is a participant. The existence of transportation networks like roads and railways and terminals like airports and seaports enables Nigeria as a nation to participate in this global village (Good and Jebbin, 2015).

2.4 Transport policy

Transport policy is an attempt by government to address transport issues by instituting laws, regulations, decisions, or actions that are pertinent to transport problems. As issues arising in different sectors are being addressed resolved in its policy so also must transport issues be addressed and resolved in transport policy.

Transport policy is the process of regulating and controlling the provision of transport with a view to facilitating the efficient operation of the economic, social and political life of any country at the lowest social cost (Tolly and Turton, 1995). According to Sumaila (2013), transport Policy is the framework for transport regulation and control implying a rule-setting function on the part of the government with a view to providing a rational, efficient, comfortable, safe and cost-effective transport system. Also, according to Oyesiku (2004), transport policy forms the basis for the planning and direction of growth of the transport system and the extent to which the planning and provision of transport provide appropriate solutions.

Oyesiku (2009) stated that the approaches to transport provision as well as the efficiency of the transport system are directly related to the nature and dynamism of the transport policy of a country. In the perspective of Hudgson (2012), transport policy is designed to specifically deal with and focus on general societal phenomenon of mobility which is the very nature of today's society as against seeing mobility as a mere characteristic of the society. He also stressed that the goal of transport policy is therefore not to change mobility itself, but rather the pattern of mobility in order to find a way to make the said nature of today's society compactable with actual society. The earlier view of Oyesiku (2009) is also supported in the view of Sumalia (2013) which also state that transport policy is generally a response to the needs of a society and this is what makes it flexible and dynamic. Based on the values of a society, transport policy outlines what transport the society wants, how it wants it and how to go about it.

3.0 Recommendations and Conclusion

The development of transport system led to the exploration of agricultural produce and natural resources for onward shipment into the domain of colonial master. As a result of these, other significant infrastructures were developed; facilitation of effective colonial administration; and facilitation of effective security and national defense. This support the fact that transportation is an important factor in the modern society; it is capable of producing significant benefits, it helps shape an area's economic health and quality of life. Not only does the transportation system provide for the mobility of people and goods, it also influences patterns of growth and economic activity through accessibility to land.

A sound policy is a reflection of good governance and effective leadership. In order to foster sound policy formulation and implementation, good governance is expedient and must be devoid of corruption. The significance of formulating and implementing sound policies in the nation's transport sector cannot be overemphasized. The efficiency of sound transport policy signifies that the policy is analytically based, economically sound, politically acceptable, socially credible, environmentally suitable and sustainable, for the betterment of the citizenry. This means, it will help realize efficient, accessible, safe, reliable, affordable and integrated transport system for the betterment of the citizenry.

The pronouncements of tax payment in some states where the state government have failed to even pay the full salary of workers, such pronouncements may lack credibility. This lack of credibility is particularly prevalent when there is significant pessimism about the growth prospects on one hand, and realization that households and other under-growing establishments will be faced with at least some part of the burden in cleaning up the financial sector on the other hand. Therefore, for tax payment to have any chance of being effective, the government must have efficiently discharged her responsibilities.

Government of Nigeria should collaborate, coordinate and mandate all government stakeholders to create an enabling environment for Public-Private Participation in developing transport infrastructure in the rural areas so that the agriculture and mineral resources will be massively tapped to enhance food surplus and exportation. Also, rail transportation which is the most dominant mode of transportation in all developed countries; Nigerian government should invest more in the construction of rail transport infrastructures such that the heavy burden on road infrastructures will be shifted to rail.

Rail transport operations in the developed countries are privatized and also operated by the state. They privatized operations involving the movement of goods and services to enhance revenue generation and the state (government) operates the passenger rail movement to enhance subsidy. Nigerian government should develop sound policies towards concessioning of railway for conveying raw materials; agricultural produce, petroleum products and finished goods; this will improve operational efficiency, maintenance, job creation and generate revenue for the country. Also, the passenger rail should be controlled by state to enhance subsidy.

To ensure sound policies, the following measures are recommended below;

1. Clearly stating the statutory responsibilities of law enforcement agencies to prevent misalignment of responsibilities when been discharged.
2. Corruption as a deadly disease in governance should be combated using strict and deadly punishments such as death sentence and life imprisonment.
3. Empowering the citizens to make reports through various devices to the established agencies that guide against unlawful act.
4. Political office holders and leaders in governance should be retrained on policy making, and leadership to enhance high sense of mental magnitude in governance.

Finally, for Nigeria to recover from economic recession there must be efficiency of sound transport policy and high conscious of time limitation.

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