

UNIVERSITY OF PORT HARCOURT

**ECONOMIC RECESSION IN NIGERIA:
ESAU'S SYNDROME and IRRATIONAL
LEGISLATIVE EXUBERANCE**

An Inaugural Lecture

By

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ORDER OF PROCEEDINGS

2:45 P.M. Guests are seated
3:00 P.M. Academic Procession Begins

The procession shall enter the Ebitimi Banigo Auditorium, University Park and the congregation shall stand as the procession enters the Hall in the following order:

ACADEMIC OFFICER
PROFESSORS
DEANS OF FACULTIES/SCHOOLS
DEAN, SCHOOL OF GRADUATE STUDIES
PROVOST, COLLEGE OF HEALTH SCIENCES
ORATOR
REGISTRAR
LECTURER
DEPUTY VICE-CHANCELLOR (ACADEMIC)
DEPUTY VICE-CHANCELLOR (ADMINISTRATION)
VICE – CHANCELLOR

After the Vice-Chancellor has ascended the dais, the congregation shall remain standing for the University of Port Harcourt Anthem. The congregation shall thereafter resume their seats.

THE VICE-CHANCELLOR'S OPENING REMARKS

The Registrar shall rise, cap and invite the Vice-Chancellor to make his opening remarks.

THE VICE-CHANCELLOR SHALL THEN RISE, CAP, MAKE HIS OPENING REMARKS AND RESUME HIS SEAT.

THE INAUGURAL LECTURE

The Registrar shall rise, cap and invite the Orator, Professor Okechuku Onuchuku to introduce the Lecturer.

The Orator shall then rise, cap, introduce the Lecturer and resume his seat. The Lecturer shall remain standing during the introduction. The Lecturer shall step on the rostrum, cap and deliver his Inaugural Lecture. After the Lecture, he shall step towards the Vice-Chancellor, cap and deliver a copy of the Inaugural Lecture to the Vice-Chancellor and return to his seat. The Vice-Chancellor shall present the document to the Registrar.

CLOSING

The Registrar shall then rise, cap and invite the Vice-Chancellor to make his closing remarks.

The Vice-Chancellor shall rise, cap and make his closing remarks. The Congregation shall rise for the University of Port Harcourt Anthem and remain standing as the Academic (Honour) Procession retreats in the following order:

VICE-CHANCELLOR
DEPUTY VICE-CHANCELLOR (ADMINISTRATION)
DEPUTY VICE-CHANCELLOR (ACADEMIC)
REGISTRAR
LECTURER
ORATOR
PROVOST, COLLEGE OF HEALTH SCIENCES
DEAN, SCHOOL OF GRADUATE STUDIES
DEANS OF FACULTIES
PROFESSORS

DEDICATION

**As I look back I thank God
As I look forward I trust God
To God alone be all the glory**

ACKNOWLEDGEMENTS

My life is a story where the quality of my person has not been an accident but a result of intelligent effort. In this rhinestone world of ours it is very hard to be a diamond. I am however thankful to God Almighty for the best that my world has offered me so far. *Several persons walked into my life and made it outstanding, and many others walked out of my life and made it fantastic. In all these I am content with what I have received but more thankful for what I have escaped.*

Several persons had made my world happy and the charming gardeners who had made my soul to blossom. I want to specially appreciate them, freshly and naively, the basic goods of life they afforded me, with awe, pleasure, wonder, and even ecstasy.

I want to start by thanking my parents because there could have been no me without them. My father Elder (Hon) Gabriel N. Nwinee has been unwaveringly supportive, always there for all the children before you needed him, never feared taking on more responsibility and always stressing to us that integrity makes the man. Thanks for your terrific gene. I am equally very grateful to my mother, Mrs. Comfort E. Nwinee of blessed memory. Her heart was my school room. I cherished her so much but she perished when I needed her most and ever since the world has been nightmarish for me.

Professor Don M. Baridam, our 6th Vice Chancellor, Prof. Walter G. Ollor, Prof. T. J. Agiobenebo, Prof. A. N. Gbosi and Dr. (Mrs). C. Chinelo Ikoku of blessed memory ... you equipped me intellectually and dressed the masquerade for this dance today. You are great mentors.

Professor N. E. S. Lale, our 8th Vice Chancellor... you are a leader that deserves worthy accolades of excellence.

Senator Lee Ledogo Maeba... you are a great benefactor, worthy ally and a strong pillar.

Mr. Remi Babalola, former Minister of State for Finance... your platform provided me with the gold and diamond today. You made me smarter.

My wife, Barrister Mrs. Wuga Jessica Nwinee... you are my heart's worthy counsel and forever my desire.

My students past and present... you remain my great sources of inspiration and motivation always.

My colleagues in the Department of Finance & Banking and the Faculties of Management Sciences and Social Sciences ... you supported me uncomplainingly and your positive challenges brought out the academic in me.

Professor Joseph Ajienka our 7th Vice Chancellor and Professor Sylva E Kalu... you gave me the '*Yes you can spirit*'

My research assistants, Rita Mojekwu, Wilson Ofoegbu and BatuboIgolima... your tireless support and assistance will always be remembered.

Prof. W. J. Okowa and Dr. Desmond Mbete...thanks for your terse professional touch to this work.

The Gbene-Nwinee dynasty of Kwawa and Sir Job B. Kobo family of Gwara...you all believed in me every step of my career. I hope that I have not failed you all in any way.

There are many more people I could thank, but time, space, and modesty compel me to stop here.

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PREAMBLE

I was humbled and gratified when I received the Vice-Chancellor's approval of my request to deliver my inaugural lecture, which is the 140th in the series. With a profound sense of responsibility and same combination of humility and delight, I stand before this distinguished audience to deliver the first inaugural lecture from the Department of Finance and Banking, the first inaugural lecture by an alumnus of the faculty and the third from the Faculty of Management Sciences. I am indeed very grateful, to the Vice-Chancellor for obliging me this rare opportunity on this my 52nd birthday.

A crucial economic function of my discipline, finance, is the operation of the payments system which governs most transactions. It channels funds from individual savers to the corporate sector so that it can finance its expansion. By so doing, it allows these individuals to have short-term assets in the form of deposits, while making long-term loans through a process referred to as maturity transformation. This process creates diversified products that help to reduce the risk of severe losses to savers. Thirdly, finance provides liquidity by buying and selling assets in the market. Companies, which offer a relatively more attractive use for capital and governments, which are wasteful in managing resources, are indicated in their prices. Finance also helps individuals and business organisations to manage risks, whether physical (for instance, fire and theft) or financial (sudden currency movements).

The financial service sector in Nigeria has fared badly in the performance of some of the above roles, partly as a result of the current crisis, but there are other fundamental factors that account for this poor performance. In recent years, banks have been diverting resources away from the most productivity-enhancing sectors of the economy and have been reluctant to lend money to small businesses

that would have driven economic expansion. The basic utility functions of the banking system which are payments and corporate lending are boring and less profitable.

Mr Vice-Chancellor Sir, several data from the Central Bank of Nigeria, the National Bureau of Statistics and the World Bank show that the fall in oil price in the international market is only an avoidable—and by no token a major—cause of Nigeria's current recession. There is convincing evidence that the economy had in the past been sustained under much lower oil price regimes than the present circumstance. As a financial economist I shall attempt to show in grainy details that the current recession crisis is an implosion of a rather fragile, reckless and distorted system. We have a flawed value system (or misplaced priorities) and counterproductive laws that are much to blame for the current financial and economic crisis. These have collectively exacerbated the fragility and the build-up of risks that culminated to this recession. These practices and legal impediments to the country's economic growth, which I have tagged *Esau's Syndrome* and *Irrational Legislative Exuberance* respectively, shall be discussed in the sections that follow.

My approach in the analysis and discussion are formal. The actor-oriented theories I advance here are deductively derived and are testable as hypotheses. I have adopted this transaction cost framework approach to enable the reader and audience to clearly understand the effects of certain national syndromes, behavioural patterns and anomalous institutional arrangements on the scope, density and content of economic exchange and coordination in economic life of the country. My analytical approach will shed light on the processes of our economic choice and its relative propensity to adjust to shocks in the context of a global economy

1. INTRODUCTORY REMARKS

Economic data released by the National Bureau of Statistics (NBS), which has been a mixed bag, indicate that the Nigerian economy has been on a nosedive for a pretty long while. First, the bad news is that it has been over a year since Nigeria started experiencing this decline in growth, and there is still little sign of a rebound in the growth rate. Some pundits in government had predicted that the economy would soon haul back to full throttle, but the sluggish response of the economy to the stimulus by the government had been disappointing. There is, however, also a glimmer of hope. Fears that the economic downturn might spiral out of control by the government and turn into a rout appear to be slowly abating. Earlier this year some observers had conjectured that the downturn might lead to a fiscal collapse, but the trickle of funds into infrastructure suggests that the economy still receives some support.

The manufacturing, oil and gas sectors have been bleeding red ink and cutting its payroll while the exchange rate of the Naira against major currencies warrants a pondering over the fate of the slumping external reserves of the country due to declining global energy prices. Needless to say that the country's economy has been up for a ride as the misery index keeps increasing. This index is derived by summing the inflation and unemployment rates and it is an unofficial reading/indicator of the economic health status of the country. In financial and economic terms, the observed rise in inflation, coupled with rising unemployment in the country, leads to lower consumption expenditures and contributes to economic slowdown.

It is, therefore, no longer news to all that the Nigerian economy is currently experiencing what has been described by the Federal Government as a technical recession, after analysing relevant macroeconomic and social indices. It is possible to ascertain that an economy is in recession through the comparative study of

statistical indicators such as the Gross Domestic Product (GDP), unemployment and inflation rates, among others. The trend in the growth of the Nigerian economy indicates positive growth trajectories, but that does not translate to development owing to high rates of unemployment, combined with declining outputs. Thus putting the economy in the sphere of stagflation, this is a precursor to a recession.

Table 1: Real Growth Rate by Sector (%) Year-on-Year

	2014				2015				2016	
	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2
Agriculture	5.53	3.68	4.47	3.64	4.70	3.49	3.46	3.48	3.09	4.53
Industry	4.84	8.97	5.43	7.96	-2.53	-3.31	-0.13	-3.04	-5.49	-9.53
Services	7.20	6.54	7.61	6.15	7.04	4.67	3.97	3.69	0.80	-1.25
Real growth rate (basic prices)	6.21	6.54	6.23	5.94	3.96	2.35	2.84	2.11	-0.36	-2.06
Real non-oil growth rate	8.21	6.71	7.51	6.44	5.59	3.46	3.05	3.14	-0.18	-0.38

Source – National Bureau of Statistics

From the data above, obtained from the National Bureau of Statistics, Nigeria's real GDP had been on a steady and significant decline from the second quarter of 2014 except for the third quarter of 2015 where a marginal increase was recorded in the real growth rate. The agriculture sector growth rate was epileptic but dropped steadily from 4.70 per cent in the first quarter of 2015 to 4.53 per cent as at the second quarter of 2016. The contribution of the industrial and the services sectors to GDP declined from 7.96 per cent and 7.04 percent in the fourth quarter of 2014 and the first quarter of 2015 respectively. This situation is unhealthy given the importance of manufacturing in driving growth and development as well as job creation. Due to tight monetary policy by the CBN inflation though in double digits had been relatively increasing

slowly, but the rising rate of unemployment makes mockery of this positive trajectory, currently standing at almost 27 per cent.

The Federal Government of Nigeria has adopted economic stimulus packages in the initial phase of the recession, pushing up public spending, but the persistence of the recession has led to a decrease in national revenues and an increase in deficits. Pressure from financial markets forced many governments to cut budgets. Social protection responses have varied considerably in magnitude and makeup. When budget cuts became unavoidable in certain states, the shift from stimulus to consolidation increased inequality and contributed to worsening living conditions for citizens.

From the responses of sub-national governments to the recession in the country it is obvious that none of them was prepared for the extent or depth of the recession and none reacted in the same way. Many states of the federation with higher levels of vulnerability would have been wise to strengthen their safety nets during the pre-recession period of dynamic economic growth, which was marked by rising disparity and a growing concentration of wealth. As a country we are currently faced with difficult choices, limited budgets and worsening financial conditions of the citizenry. The enormity of the challenges being faced cannot be underestimated. Demand for austerity and palliative measures are intense, as well as pleas from vulnerable sectors. Compromises are undoubtedly necessary at this point. There are clearly demand side and supply side causes for our current economic situation but it is our contention in this paper that if certain ways of life as a people and certain legal/constitutional impediments in our body politic are not reversed and healthy ones introduced, no amount of palliative measures would abate the current situation at hand, as the economy will continue to move in circles. The problems may not end and it may well take a long time

to return to pre-crisis levels of well-being. Failing to respond boldly could pose long-term risks.

What danger does the poor response to the recession pose for the future of Nigeria? If the neglect persists, the crisis among the citizenry will continue well after any economic recovery long-term social well-being will be at stake. But come to think of it: when has every single one of the phenomena described as indices of recession not have been happening in our national economy and on a more or less continuous basis for a long time now? When has unemployment not been high and in double digits? In a recession, unemployment is supposed to be in single digits; it is in a depression that it falls into double digits. When has industrial output not been in continuous decline in our country in the last three decades? When has our governments, federal and state, not been borrowing from both internal and external creditors even when the world price of oil was relatively high? Did the rise in unemployment in our country begin with the official devaluation or depreciation of the Naira? Hasn't the value of the Naira in relation to the convertible currencies of the world been falling freely for a long time now, only to assume its present catastrophic and spectral scale with the devaluation?

Has the Nigerian economy defied financial and economic theories and models?

From the above economic snapshot, a basic question begging for answer is whether the Nigerian economy has defied known financial and economic theories and models. Which brings to question what role will the financial economist play in all of this? As a financial economist, my research interests over the years have been concerned mainly with analyzing the use and distribution of our resources under uncertainty. In doing this we were concerned about future events, using economic theory to evaluate how time, risk, opportunity costs and information created incentives or disincentives

for financial decisions in the country. In order to carry everybody along we have deliberately avoided the use of difficult and complex models to test the variables affecting such decisions which is the hallmark of a financial economist. We always assume in our models that individuals or institutions are rational when making decisions, but in reality this is not always the case. Irrational behaviour of parties has to be taken into account in financial economics as a potential risk factor.

Financiers have been held responsible for causing the 2007-2009 global financial crises while economists were blamed for not predicting it. The economists failed to appreciate the importance of finance and financiers relied so much on the models produced by economists. This is an ancient debate between the disciplines and may appear irrelevant today especially as it concerns recession but it is not. In the Nigeria of today it may seem that either economics or financial theory is unable to address this new reality or the situation appears to defy known theories. I am inclined to state in this inaugural lecture that finance being a dominant driver of economic cycles cannot be a zero sum game, or a mere utility but one which understands that individuals cannot be generally regarded as rational actors who fit neatly into academic models.

Our position is predicated on the “resource curse” theory that economies with an excessive exposure to a commodity, such as oil, may become imbalanced. Just as the money from drilling for oil is seen as easy and may make an economy slow to develop alternative business sectors, the simple money from trading in assets, and lending against property, may distort a developed economy. The financial sector in the country may not have adequately responded to economic stimuli because it does not function as well as the models contend and this is where we as academics come in. The incentives governing the actions of financial and economic sector players tend

to reward speculation, rather than long-term wealth creation. This is partly due to the way that governments have regulated the economy, but much of it has to do with the psychological idiosyncrasies that characterise us as humans. These shortcomings are not recognised in traditional rational choice theory models, which assume that humans are essentially rational beings. In reality humans do make erroneous choices, which imply that economic models may make a lot of bad or wrong predictions. Individuals face enormous practical difficulties in doing what economists assume they do all the time – maximizing their utility. The future simply has too many variables that are not known *a priori*.

The resource curse concept has both economic and political dimensions. One economic manifestation is called the Dutch Disease. This is the situation where countries experiencing sudden wealth from natural resources tend to shift productive efforts and resources from manufacturing and other sectors because, due to the massive inflow of foreign exchange and the sudden appreciation of the local currency, other products cannot compete in the international market and products from elsewhere become cheap to import. The terrible twin dependencies of over-dependence on a single product for export and source of foreign exchange and over-dependence on imports thus develop. The problem inherent in these dual dependencies would not manifest until the price of the main source of export goes south, as prices of commodities are wont to. In the meantime, the boom season creates an illusion of prosperity, as abundant foreign exchange revenue temporarily bestows on privileged members of the society the capacity to sustain unprecedented and unsustainable consumption. But then price volatility is a standard feature of commodity markets, and the boom-and-bust cycle a constant reality of commodity economies. The sudden crash of the price of a country's main commodity usually completes the grim cycle, and ultimately lends validity to the

hypothesis that resource abundance could be a curse, rather than a blessing. Here is where Nigeria, sadly, finds itself at the moment.

But the fall in oil price is not the sole, or even a fundamental, cause of Nigeria's current economic woes. Believing that it is would delude the managers of the economy and diminish the country's capacity to administer the right therapy. Here is where we find the political element relevant as an explanatory variable for addressing this ailment. It also reveals that fall in prices is only an inevitable trigger.

By their nature, natural resource revenues are easy to earn and easy to appropriate and expropriate. And since it is not revenue taxed from the sweat of citizens, the citizens are not involved in the process of generation or computation. This situation creates a huge incentive for capture by public officials. Its non-tax characteristic also makes managers of public resources less accountable. This inevitably fuels corruption and rent-seeking behaviours and intense competition for a time at the trough. According to Jeffery Sachs and Andrew Warner in a 2001 paper, the political process also gets captured, and then the "predatory state eclipses the developmental state".

Our analysis in this inaugural lecture attempts at diagnosing the immediate and remote causes of the current situation and proffer strategies that we may consider adopting as strengthening intervention strategies going forward.

2. CONCEPTUAL CLARIFICATIONS

How national income is determined

Nwinee and Torbira (2012) assert that financial activities are an integral part of the economic system and the type of economic system determines the basic patterns of financial activities in an economy. The public sector in Nigeria constitutes an important segment of the economy and it is growing substantially due to the widening obligation of government and the increasing complexity of a modern economy. The economic activities of the government exert enormous influence over the functioning of the economy at large.

The public sector absorbs a great bulk of production activity and has direct influence on consumption; as such government/public finance engulfs almost the entire field of financial economics. All these point to the fact that both the public sector and the private sector interact and are linked in the overall economic process. This is shown in this section with regard to the functional interdependence of public and private income and expenditure streams in the financial flow of the economic system.

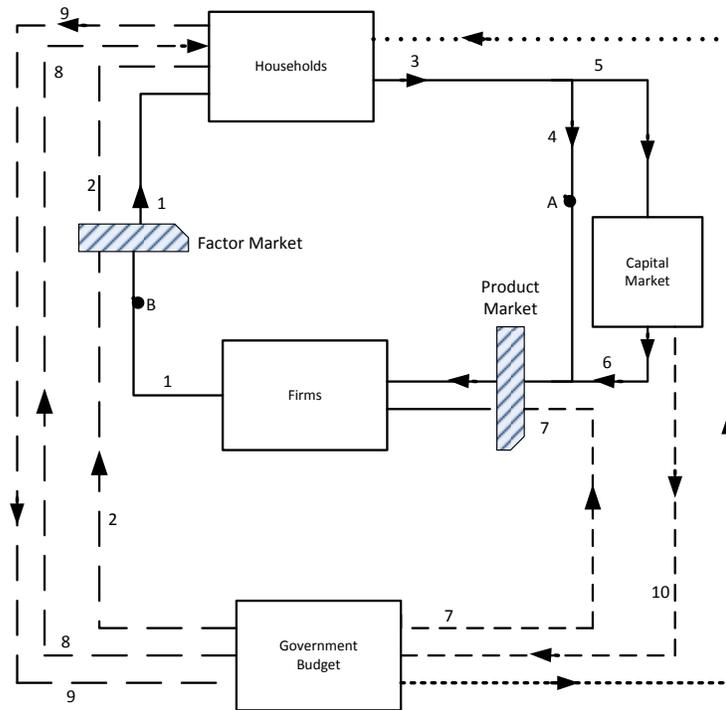


Fig. 1- Public Sector Financial Flow in the Economic System

The interdependence of the public and private financial flows shown in figure 1 above, presents a highly simplified diagram of the flow of income and expenditure in the economy.

The solid lines of the figure show income and expenditure flows in the private sector while the broken lines show public sector flows. Suppose first that there is no public sector. Moving clockwise along the solid lines, we note how households obtain income through the sale of factors in the factor market (line 1), which is then spent (line 4) or saved (line 5). Saving in turn finances investment expenditure (line 6). Lines 4 and 6, combining the purchases of products in the

product market, give rise to the receipts of firms, which in turn are used for the purchase of factor services.

When the government is introduced, the factors are bought by the public sector (line 2) as well as by the private sector and output of private firms is purchased by government (line 7) as well as by private buyers. In addition to factor and product purchases, the government also makes transfer payments (line 8). Government revenue in turn is derived from imposing taxes (line 9) and from borrowing (line 10).

We can observe from this diagram that the private and public sector flows are closely intertwined. Since the public sector participates as a buyer in the factor and the product markets, its operations thus constitute an integral part of the pricing system. This is why it is necessary, in designing fiscal policies, to make allowances for the performance of the private sector. Imposition of a tax at one point in the system, for instance at point A or point B may lead to responses which will shift the burden to a different point. Moreover, the government not only converts private income to public use but, through factor and product purchases, also contribute to the income flow to households. It is thus misleading to think of the public sector as being “superimposed” on the private sector rather, they are both integral and interacting parts of a mixed economic system.

From the circular flow of income above we can observe that production gives rise to income, income gives rise to demand for goods and services; such a demand gives rise to expenditure and expenditure induces further production. These basic economic activities go on endlessly.

Production creates utility to satisfy human wants and involves the co-ordination of all the factors of production in some desired ratio.

This work is performed by a producer or firm who takes an initiative with the intention of earning profits. The factors of production namely land, labour, capital and entrepreneurship are hired and payments are made to them in the form of rent, wages and salaries, interest and profit respectively. The emphasis here is the production of goods and services for sale to generate income in the system.

Production firms earn revenue in the process from the sale of goods and services that they produce while the factors earned their revenue in the form of rent, wages, interest and profits. As a result, the income generated in the entire process can be classified into three parts;

- Compensation of employees by way of wages, salaries, commission, bonus etc.
- Operating Surplus for the firm by way of profits, rent, interest, royalty etc, and
- Mixed Income by way of income from self employment.

The household sector spends its income to satisfy unlimited and recurring human wants. Any saving out of total income takes the form of investment on capital goods that helps in generating the income of the economy. Expenditure becomes the income of the producing sector that further promotes the uninterrupted flow of income. From the foregoing, it follows that the national income of a country can equally be determined along those lines, product, income and expenditure.

How Foreign Exchange rate is determined

Nwinee (1999) defined exchange rate as a ratio of the price of one currency to another at any given time. The exchange rates between currencies can be either controlled as was the case in Nigeria prior to the introduction of the Structural Adjustment programme or left to the market to decide, as is the case now in Nigeria. In the case of

controlled exchange rate system, the government fixes the rates; but what is the process by which markets determine rates? The process is really not different in its essentials from the way any market functions. The supply and demand for different goods determine their exchange values and prices. In this case, let us for purposes of analysis substitute currencies for goods. Let us take the case of one foreign currency to understand how this market works. Thus, the dollar-Naira exchange rates will depend on how the demand-supply balance moves. When the demand for dollars in Nigeria rises and the supply does not rise correspondingly, each dollar will cost more Naira to buy.

The question then arises about where the supply of dollars comes from. It comes from several sources. One obvious source is Nigerian exporters of goods and services who sell their wares and services in the international market for dollars. Another important source is Nigerian immigrant workers abroad who repatriate money home for various purposes. The third major source is investments by foreign individuals, companies or institutions in Nigeria. This could be in the form of foreign direct investment (FDI) in which they use the money to acquire assets in Nigeria or to buy into the equity of an existing company. It could also be in the form of portfolio investments where dollars are being brought in to buy assets in the Nigerian Stock Exchange, for instance, to be resold when they appreciate in value to book a profit. Of all these sources of dollar supply, portfolio investment is the most uncertain source, since it necessarily implies an exit of dollars at some point. That explains why such flows of capital from abroad are often described as hot flows, since they can move out very rapidly. Foreign tourists visiting Nigeria would also contribute to the inflow of dollars.

On the other hand there are several factors that determine the demand for dollars. Just as exporters earn dollars, importers spend it.

Imports thus exert the highest demand pressure on dollars. Another major source of demand for dollars is the repatriation of incomes or profits by expatriate staff and foreign corporations to their home countries. This includes portfolio investors as well as Nigerian branches of multinationals sending back parts of their profits to the parent company as dividends. A third source is Nigerians investing (whether as firms or as individuals), studying or travelling abroad for tourism and other suchlike purposes.

In all, we can say that the factors that contribute to the demand for dollars are mirror images of those that add to their supply. What then explains the astronomically high value of the dollar recently? As should be clear by now, this is because of the hugely disproportionate upsurge in demand for dollars relative to its supply. A couple of factors have been particularly crucial in this. First, the trade deficit gap between the value of our imports and that of our exports has been widening, implying that exporters are earning only a smaller proportion of the dollars that importers need. The fall in the price of crude oil which is a major export earner has greatly triggered the free fall of the Naira. Second, foreign institutional investors who had been pumping billions of dollars every year into our stock exchange have been equally desperately pulling out their money due to the financial crisis facing them in their home markets.

As in any market, expectations and the consequent speculation play a crucial role in all of this. For instance, when there is an expectation that the dollar will rise against the Naira, exporters tend to hold back their earnings for a while in the hope of getting a higher rate when they ultimately bring their dollars in. This, of course, skews the supply-demand equation even further confirming their initial expectations and thus setting off a vicious cycle. Similarly, importers who expect to pay more for their dollars tomorrow will try and buy up as much as they can today, adding to the current demand

and making the dollar rise even more. Currency traders in such a situation would also try to benefit by betting on what the future price of the dollar would be.

With the billions of dollars in its reserves, the Central Bank of Nigeria has the ability to be a major factor in how the dollar moves. If, for instance, it were to dump a huge amount of dollars in the market, it could dramatically add to the supply and hence reduce the price. There are at least two major reasons why central banks are reluctant to do this. First, they do not like to interfere too much with market valuation of currencies, though they do try and contain excessive volatility. Second, every time the Central bank sells dollars, it buys up Naira, thus sucking some liquidity out of the system. Given the current liquidity crunch, that is obviously not something it would be very keen to do.

Whenever the Naira depreciates, exporters invariably gain, since they can price their goods cheaper in dollars and yet earn the same amount of Naira, making them more competitive internationally. However, importers lose because their costs go up and since they are likely to pass this on to consumers it means prices in the domestic market rise. In theory, as import costs rise, imports should fall and with exports rising the trade gap should close thereby correcting the demand-supply imbalance in dollars and leading to the Naira appreciating again. However, this seldom occurs in the real world, one reason being that not all imports may be price elastic that is, some imports might not be reduced despite higher costs. The same may be true in exports, where some exports may not gain since their demand is not price elastic. Also, other factors including speculation may more than offset any reduction in the trade deficit.

3. RECESSION

An illuminating analogy from the field of medicine can be drawn for a lucid explanation and concrete illustration of what is a recession. We can also extend to show how it is different from a depression. Physicians believe that the body, the organs and the tissues all naturally tend towards health and wellness. Disease is thus an anomaly that the body naturally always tries to heal. Most traditional or conventional economists in the like manner believe that expansion and growth represent the normal state of affairs in the economic world, whereas slowdowns or recessions are brief and tend to be rarer than frequent. Indeed, some economists go so far as to define recession as being characterized by a period of negative economic growth for no more than two consecutive quarters. Rise in unemployment, fall in industrial production, adjustment in real GDP for inflation decreases, stagnation or fall in incomes or fall, especially with regard to their purchasing power in wholesale and retail sales and increase in government borrowing are considered to be characteristic features of a recession. Thankfully, as frightening as these features appear, they tend not to last for too long in a recession. If they last for too long and moreover get worse, then it becomes a depression, *the mother of all recessions*. Traditional or orthodox economists believe that, as it is in nature, economic expansion and growth constitute the normal state of affairs in the economic world and recession is an abnormality that does not or should not last for too long.

More commonly, economists categorize recessions based on its extent and degree of severity as *strong* or *big* and *severe*, but such classification blurs its actual meaning and magnitudes. It is more insightful to categorize recessions based on logarithmic scale of magnitude into four types, namely *minor*, *major*, *severe* and *ultra*, which are briefly described below.

- **Minor recession** refers to a mild recession which typically lasts for only two or three quarters with a mean quarterly GDP decline of up to about 1.5 %. The recovery of such an economy is swift, macroeconomic indicators return to pre-recession level in one or two years. Examples of such in history are the recessions that occurred in Sweden in 2008, USA in 1969-1970 and Japan 2001, all of which lasted for two quarters.
- **Major recession** is a major economic downturn on either a national or global scale, lasting between two to four quarters with a mean quarterly decline of between 1 % and 3% in GDP growth rates. The government and its central banks grapple with the economic consequences of a major recession through increased government investment and export supports, and also through decreased government spending on social services. This type of recession impacts negatively on living standards of inhabitants and often triggers demonstrations and strikes. Examples are the recessions that took place in France in 2008-2009, Germany in 2008-2009, South Korea in 1998 and Japan in 2008-2009. Except for South Korea which lasted for three quarters all the other recessions lasted four quarters.
- **Severe recession** refers to a large-scale economic downturn not seen in many decades and often used in the literature to refer to deep recessions. Severe recessions typically last for 1-2 years with mean quarterly decline of 3 % to 5 % in GDP growth rates. Severe recessions are associated with a fall in living standards of the majority of the population. Protests and strikes often culminate in violent street riots, and there is usually an upsurge of the incidence of crimes. The currency is devalued and the country's economy is on the brink of a

breakdown. Examples are those that occurred in Thailand in 1997-1998; Argentina in 2001-2002; USA in 2008-2009; and Latvia in 2008-2009.

- **Ultra recession** lasts for several years, say about four years like during the Great Depression, six years as it was in Russia during the 1990s, and about nine years as the case of Ukraine during 1990s. The GDP growth rates decline as much as 20-25 % annually. During an ultra recession, GDP falls by 30 % or more when compared to GDP levels prior to a recession. Recovery from an ultra recession may last up to a decade or longer. During an ultra recession the majority of the population plunges into poverty, industrial production and agriculture are subdued and some industrial branches may even fold up. The population suffers from hunger, breakdown of social and medical services, high inflation, crimes and vices, and emigration. People lose their trust in the economy, government and politics in general.

4. PARADING THE USUAL SUSPECTS OF RECESSION

My contention in this paper is that recession refers to a situation where capital structures are in place, but there is a decline in the means to sustain recurrent expenditures that keep those structures working because of sudden change in taste and price. Consequently, we cannot truly say that we are merely in a recession. There is a drop in current receipts from oil and from other exports; there is also a sharp drop in our terms of trade, that is, the import prices weigh higher than export prices, and our total revenues are clearly a fraction of what it used to be. This has created a huge gap in our current revenues, balance of payments and, therefore, a sharp drop in the ability of the country's public finance to meet with the enormous expenditure needs of government at various levels.

This reveals not only lower current incomes, but also absence of capital structures to raise financing and get them working again to build roads and provide power, rails, mining structures, processing plants, etc. What we are experiencing is more than just a classical recession. It is the shortfall in revenues that have now exposed the very deep structural problems within the economy. So, we have to address it from that standpoint; it is not a short-term phenomenon. It is not just a question of what can we do to get the economy running again.

Unemployment

In Nigeria, unemployment is defined by the National Bureau of Statistics as working for less than 20 hours a week. This definition is offered in compliance with the International Labour Organisation's definition of employment which classifies unemployed persons in the labour force as those who are out of work, want a job, have actively sought work in the reference week and are available to start work in the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight. In other words, once an individual has been employed for at least an hour in a week he will be classified as employed under ILO's definition. Given the entrepreneurial nature of most Nigerians, the problem in Nigeria is more of underemployment rather than unemployment because an average Nigerian is almost certainly engaged in some activity for an hour a week even if the reward for that activity is not sufficient to keep him engaged.

In other words, if an individual works for at least 20 hours a week, he is not unemployed. While working 0 – 19 hours a week classifies him as unemployed, working 20 to 39 hours a week will classify him as underemployed and working at least 40 hours a week classifies him as employed.

The unemployment rate is calculated from about 65.7 million and not the entire population of the country. This is because students, voluntary housewives who cannot work or those younger than 15 or older than 65, are not regarded as part of the labour force and are therefore, not counted.

Figure 2: Unemployment rate in Nigeria



From the chart above by the National Bureau of Statistics (NBS) we can observe a steady rise in the unemployment rate from 6.4 percent in the 4th quarter of 2014 and peaking at 13.9 percent in the 3rd quarter of 2016. The unemployed bracket covered persons aged 15–64 who were available for work, actively seeking for work but were without work during the reference period. Underemployment, however, occurs when a person works less than full time hours, which is 40 hours, but works at least 20 hours on average a week. This underemployment could also happen if a person works full time but is engaged in an activity that underutilises his skills, time and educational qualifications. In 2016, the NBS reported that the economically active population or working age population (persons within ages 15 and 64) increased from 106.69 million in the second quarter to 108.03 million in the third quarter. This represents a 1.26 per cent increase over the previous quarter and a 3.57 per cent increase when compared to the third quarter 2015. The labour force

population, that is, those within the working age population who are willing, able and actively looking for work, increased from 79.9 million in second quarter to 80.67 million in the 3rd quarter. This represents an increase of 0.98 per cent in the labour force during the quarter. This means about 782,886 persons from the economically active population entered the labour force, that is, individuals that were able, willing and actively looking for work. This magnitude of increase between the second and third quarters is smaller when compared to the first and second quarters, which was an increase of 1.39 million in the Labour force population. The total number of persons in full time employment (who did any form of work for at least 40 hours) decreased by 272,499 or 0.51 per cent. This figure decreased when compared to the previous quarter and further decreased by 1.66 million or 3.01 per cent when compared to third quarter of 2015. With an economically active or working age population (108.03 million) and labour force population (80.67 million), 27.36 million persons within the economically active or working age population were unwilling to work in the third quarter, hence, they were not part of the labour force and could not be considered unemployed. From the foregoing we can observe that there were eight consecutive rises in the unemployment rate since the 4th quarter of 2014.

As I stated earlier in the paper, a recession is said to occur when negative Gross Domestic Product (GDP) growth lasts for up to two or more consecutive quarters. A recession has a domino effect, where increased unemployment leads to low growth and a drop in consumer spending, causing businesses to lay off workers due to losses. During recessions, business sales and revenues decrease, which cause businesses to stop expanding. When demand is not high enough, businesses start to experience losses and first try to reduce their costs by lowering wages, keeping wages where they are and ceasing to hire new workers, which increases the unemployment

rate. A decrease in the GDP causes firms that are not recession-proof to experience losses, which can cause some companies to go bankrupt, resulting in massive layoffs and further increasing the unemployment rate as well.

A recession can snowball and worsen the recession. When there are massive layoffs and no jobs being created, consumers tend to save money, tightening the money supply. When there is a tightened money supply, unemployed workers and workers with low wages tend to save more and spend less, decreasing the demand for goods and services and decreasing consumer spending. This drop in demand lowers business organization's economies of scale, thus crippling the economy. This, in turn, leads to greater losses in non-recession-proof businesses.

Ajie, Nwinee & Nwaorgu (2007) maintain that if unemployment is the sole most important pointer of the state of health of the job market, then the patient is indisputably sick. Nigeria's current experience has been unusual on two counts. First, unemployment has risen much more than in other recessions; second, the unemployment rate has remained high for an exceptionally long time. Then the question is has high unemployment come to stay? If so, what does it mean for the millions of Nigerians who are out of work—not to mention the rest of the Nigerian society?

The observed rise in unemployment rate results from cyclical factors; that is, factors that should ordinarily have only a temporary effect and should gradually fade as the economy recovers. There are at least two reasons why the unemployment rate has remained high. First, there is the obvious weakness of the recovery in real economic output and the slow rate at which people or low percentage of people that are employed. To understand these reasons, we need to take a closer look at how workers move into—and out of—unemployment.

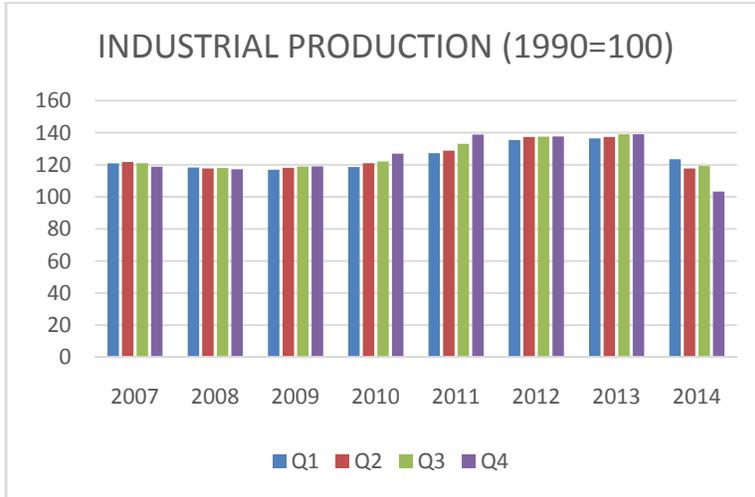
The unemployment rate reports the number of jobless workers as a fraction of the labour force. But in any given month, some employed workers lose their jobs and some unemployed workers find new ones; in this way, they flow into and out of the unemployment pool. Thus, the overall number provides scant information about the actual extent of churning in the labour market. Worker flows largely determine the unemployment rate, but the rate says nothing about them.

The low rate at which unemployed workers are finding jobs predicts a slower decline in the unemployment rate. In other words, it will take a long time, longer than it normally should for unemployment to be abated in our country.

Industrial production

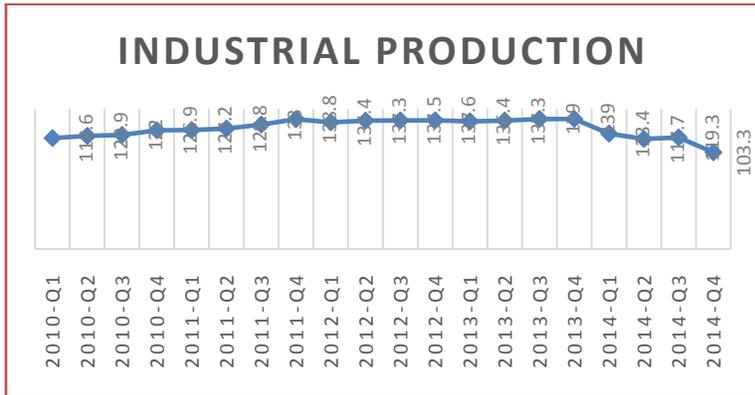
The index of industrial production is an economic tool that measures changes in industrial activities in a country over a given period of time. In Nigeria, index of industrial production measures the amount of output from manufacturing, mining and electricity. The industrial production index is typically used as a proxy for the level of real economic activity. It is theoretically shown that industrial production increases during economic expansion and decreases during a recession, and thus a change in industrial production would signal a change in economy. The productive capacity of an economy rises during economic growth, which in turn contributes to the ability of firms to generate cash flows.

Figure 3a: Industrial Production in Nigeria



Source: Central Bank of Nigeria

Figure 3b: Industrial Production in Nigeria



From the above figures we can observe steady decreases in the quarterly results from the fourth quarter of 2013. These observed decreases have been attributed to fall in activities in the manufacturing and mining subsectors. The challenging business

environment, wherein sourcing of foreign currency has remained difficult and devaluation of the Naira caused a spike in costs of inputs is inimical to growth in the manufacturing sector.

Notwithstanding the moves by the CBN to prioritize sale of foreign currency to the industrial segment through a 60:40 rule, sale of currency forwards and the ban on 41 items which was expected to boost production and to, at least, serve the sourcing needs of industries, the contribution of this sector to Gross Domestic Product is still insignificant. Rather, production costs increased both for imported and locally sourced inputs. The existing interest rate of 14%, where even the government borrowed at 18% is unfavourable as financing costs spiked. This has partly slowed down business investment and expansion.

I have posited that that there was need for the country to adopt an export oriented industrialisation policy coupled with import restriction as a way of reducing its dependence on importation from other countries of the world for her needs (Nwinee, 2009). This would lead to economic growth and development and reduce the magnitude impact associated with variations in primary product pricing. Industrialisation policy aims at creating employment, reduce the level of poverty by reducing the gap between the rich and the poor, promoting social equality and transformation which in turn would result in economic development. The critical determining factor for the level of economic growth in the United States of America, China, Japan, Malaysia and other advanced countries of the world is tied to industrial production.

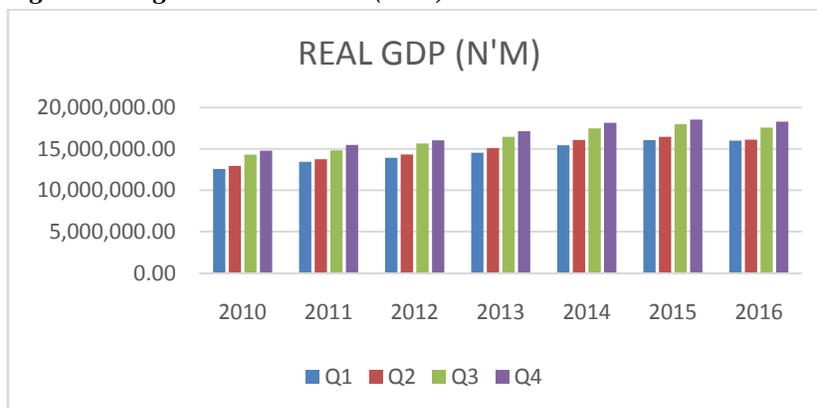
Real Gross Domestic Product

Nwinee and Torbira (2012) defined GDP as a measure of production that occurs within a nation's borders, regardless of the nationality of whoever it is that produces it. It is a macroeconomic assessment that

measures the value of the goods and services produced by an economic entity in a specific period, adjusted for inflation. It is derived by valuing all production by the economy using the average prices for that year. Real gross domestic product is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base-year prices, and is often referred to as *constant-price*, *inflation-corrected* or *constant Naira* GDP. Real GDP can account for changes in price level and provide a more accurate figure of economic growth.

The real GDP uses the price deflator to adjust the nominal GDP to constant prices in order to take into account price changes in order to determine whether the value of output has risen as a result of actual increase in volume of production or simply because prices have increased. This information is important so that we can determine the size and performance of the economy. The growth rate of real GDP is often used as an indicator of the general health (or viability) of the economy. In broad terms, an increase in real GDP is interpreted as a sign that the economy is doing well. When real GDP is growing significantly, employment is likely to be increasing as companies hire more workers for their factories and people have more money in their pockets. When GDP is shrinking, as it did in many countries during the recent global economic crisis, employment often declines. In some cases, GDP may be growing, but not fast enough to create adequate jobs for job seekers. But real GDP growth does move in cycles over time. Economies are sometimes in periods of boom, and sometimes in periods of slow growth or even recession.

Figure 4: Nigeria's Real GDP (N'm)



Source: CBN Statistical Bulletin

From the above graph we can observe steady growth in the real GDP figure of the Nigerian economy on a year by year basis since 2010. However the real GDP figure dropped in 2016 to an average of about ₦16.925 trillion from the average of ₦17.2 trillion in the preceding year 2015. This sharp reduction in the real GDP figure is clearly traceable to the more than double increase in the average inflation rate experienced in 2016 which was about 15.624% from an average of 8.479% in 2015. This rise in the inflation rate is the worst experienced since 1997 where we recorded an average inflation rate 17.26% the country enjoyed single digit inflation rate in the two years preceding 2016.

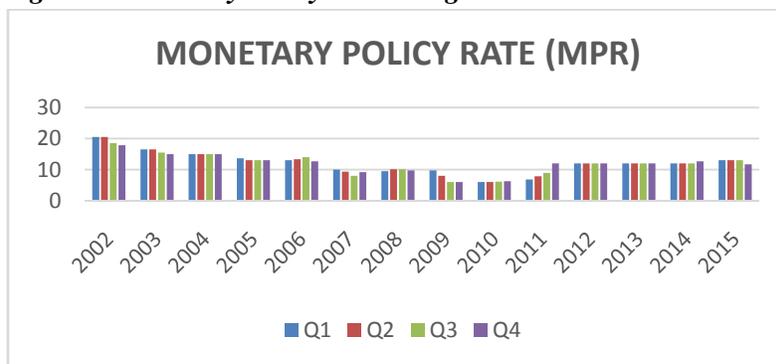
Structural issues such as worsening external terms of trade since mid-July 2014 as well as increases in the price of government provisioned goods like fuel and electricity by way of the Central Bank lending more money to the Federal Government than the Federal Government is legitimately entitled to, based on its economic activity is responsible for the price increases.

Interest rates

To accomplish the needed level of interest rate in the economy the Monetary Policy Rate (MPR) is one of the diverse monetary policy tools used by the Central Bank of Nigeria (CBN). Before 2006, it was known as the Minimum Rediscount rate (MRR) and it is the rate at which the CBN is willing to rediscount first class bills of exchange before maturity (Onoh 2007). The apex bank influences market cost of funds by raising or lowering it. In other words if there is an increase in MPR, banks' lending rates are expected to increase and vice versa.

Nwinee (2003), Nwinee and Torbira (2012), Colander (2001) and Ojo (1993) recognized the importance of interest rate on its equilibrating influence on supply and demand in the financial sector. The studies affirmed that the channelling of savings into financial assets and the willingness of individuals to incur financial liabilities are strongly influenced by interest rates on those financial assets and liabilities. Thus interest rate is important in development because of the active interlocking association between the financial and real sectors of economies. The effect of interest rate on the financial sector is transmitted to the real sector through the lending rate which translates into the cost of capital and its direct implications for investment. A high lending rate discourages investment borrowing and vice versa. On the other hand, high savings rates encourage savings, which ultimately translates into increased availability of loanable funds. However, a high rate of interest on savings will ultimately translate into high lending rates and its associated negative consequences on investment.

Figure 5: Monetary Policy rate in Nigeria



Source: CBN Statistical Bulletin

From the figure above we can observe that from the last quarter of 2011, the MPR was fairly pegged or stable at 12% with a slight rise in the last quarter of 2014 to 12.667%. It rose and stabilised again to 13% in the first-three quarters of 2015 and dropped sharply to 11.667% at the last quarter. Since 2007 the average interest rate in Nigeria was about 10.40% until this 2017 when it reached an all time high of 14% since July 2016. It is on record that the economy enjoyed the lowest interest rate of 6% from July 2009 to the second quarter of 2010.

The implication of the increase in the benchmark interest rate, the MPR, is that banks transfer this higher rate to borrowers and savers in the near term. This is an incentive to savings and a disincentive to borrowing in the economy. A higher interest rate raises the cost of borrowing and interests on loans and this in effect constricts money supply and inflation. Thus, short-medium term borrowing rates is expected to likely rise because the interest rates on loans linked to this prime rate, moves simultaneously with MPR and should typically adjust upward. On the other hand, an increase in the interest rate should not affect loans linked to longer term interest

rates. On the part of savings, savers are expected to gain as interest rates on savings deposits rise on account of higher MPR. Conversely, the abovementioned is dependent on whether banks pass down the higher interest rate to borrowers and savers. Where the rise in MPR does not reflect in borrowing and savings cost, banks become less profitable; thus, become less willing to lend to individuals and businesses. In both cases, borrowers are at a disadvantage with the rise in benchmark interest rate. The current MPR of 14% appears to favour the banks which now lend to customers at almost 30%. This rate cannot stimulate economic growth and it is clearly contributory to the spiralling inflation that has significantly eroded our purchasing power as a people.

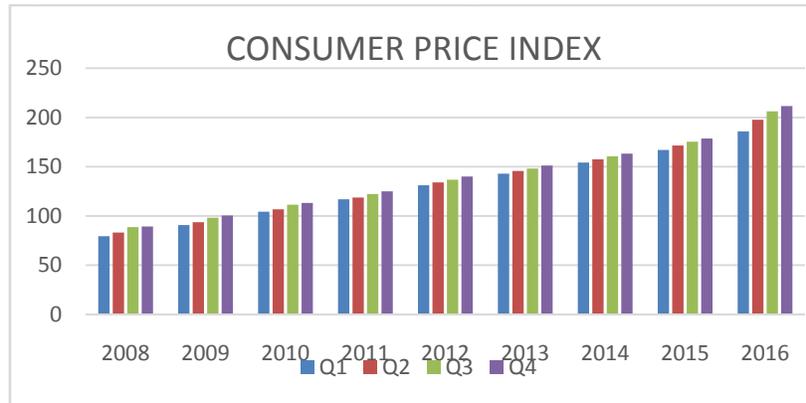
Consumer Price Index

The Consumer Price Index is ordinarily a measure of the price changes of regular consumer goods and services purchased by an average household in the open market. As the prices of goods and services go up or down, they are captured by these statistical indices. It is sometimes referred to as a cost-of-living index and is used to gauge inflation. The percentage change in this index over a period of time gives the amount of inflation over that specific period, i.e. the increase in prices of a representative basket of goods consumed. It is however different from a complete index because it does not take into account changes in factors like safety, health, water quality, and crime that affect consumer well-being and are difficult to quantify.

The implication of an increase in CPI for the day to day consumer is that prices for things go up and he has to spend more Naira to maintain the same standard of living. However, if the CPI is rising quicker than the average salaries of workers then the consumer's purchasing power declines. They cannot buy as much as whatever it is as they did in the past. This increase in CPI is mostly bad for the

individual households, but it can be good for businesses and the government.

Figure 6: Consumer Price Index in Nigeria



Source: CBN Statistical Bulletin

Basically, the above chart expresses the hardship the common man faces as the economy gets worse by the day and the cost of getting things done or buying things increases. This clearly shows that inflationary pressure was strong in 2016 as prices of goods and service was at its peak during the year. In 2016, inflation rose far above the upper boundary that was set by the Central Bank. The Consumer Price Index steadily climbed year-in year-out from 79.404 in the first quarter of 2008 to 211.52 in the last quarter of 2016. As at April 2017 the CPI in Nigeria had increased to 226.30 Index Points. The average CPI in Nigeria is about 83.33 Index Points from 1995 while the all-time high is the current 226.30 index points in April 2017. With this observed steep increases in the CPI it can be said that successive administrations in Nigeria have never given much attention to doing what really needs to be done to bring down these numbers and cause an increase in the ‘good’ indicators. This

section of our economy has never been directly under the control of the leadership of this country.

5. THE STRANGE STORY OF HOW WE GOT INTO RECESSION

Nigeria's current crisis as a nation is akin to fire fighting, which according to Colvin (2009) is the most dramatic form of responding to a crisis. A group of researchers in psychology investigated what two groups of novices and veterans' fire fighters actually saw when they looked at a burning building. While the novices noticed the obvious features, the elements which any of us will observe like the height and colour of the flames as well as which parts of the building were involved, the veterans looking at the same fire saw something different. They saw a story, noticed the clues that told them how and where the fire had started, why it was burning as it was just now and what it would likely do next. As effective fire fighters they saw the fire as a story and not just a collection of traits so that they could create a plan for managing it.

The current economic state of the country would be better seen from the perspective of a Nigerian story. It is very tempting for economists and financial analysts to view only the bunch of statistics which are very easy to do but in the end it is almost useless to our cause. Our present recession has been discussed as a freestanding event that is occurring in the country but that will not ultimately help us rather we should view it as a big dramatic episode in a continuing narrative that has no beginning or ending. This episode will play out and another will follow and recession is just a part of our story as a nation.

Seeing this recession as part of our story of nationhood will enable us to understand it well enough to manage it. On a daily basis we hear about vast financial forces at play in our country, economies

surging to and fro, billions and trillions of Naira budgets by the different tiers of government, millions of jobs, etc. Overall the entire story is about individuals making decisions. The important elements being our behaviours as consumers, our massive spending powers, our strange unprecedented actions over the past several years which have been critical in causing and shaping this recession and how laws; infinitely complex and seemingly comprehensible have been central to this our story of recession. They are discussed in the next two sections that follow under Esau's syndrome and irrational legislative exuberance.

5.1 **ESAU'S SYNDROME IN NIGERIA**

Mr Vice Chancellor Sir, the choice of a topic with some tilt towards theology when we are supposed to be discussing finance or economic issues may surprise the reader. Suffice to say that finance is concerned about making choices and taking decisions. As individuals and as a nation we have taken decisions at some point and may have made one or more than one really bad financial decision -- the kind of decision that, in hindsight, is so blatant we wonder how it ever happened. A bad financial decision also could be the result of a toxic relationship that sucks the joy out of life and the money from the bank account. While financial mistakes can be costly, they also can be eye-openers.

The question then arises if finance as a discipline truly contributes to the flourishing of society and to serving fellow people? We have in this inaugural lecture chosen to draw from Christian theology—especially the Bible—and from the financial literature and practice, to establish that biblical and theological exploration reveals that God created the foundations of finance and commands us to use finance for social good, specifically for stewardship, justice, and love.

Stewardship, justice, and love can have many different meanings. We have chosen to see stewardship as obedience to God's mandate to increase His creation from something like a garden to something like a city. We are to care for it and we will be held accountable as stewards. Justice is treating persons with due respect for their rights as humans, these rights are based on the fact that every human is loved by God. Love is caring for another person by seeking to bring about their flourishing as an end in itself, and with due respect for that person as a human. Finance within this framework should seek societal regeneration and transformation.

We have thus woven the biblical character Esau and other biblical themes to show that the little decisions we make in life have powerful consequences. For example, we are told Adam ate a fruit in disobedience and the consequences ripped through the pages of history dooming his descendants. Some consequences of little decisions are that vicious and that powerful. Like a truculent goat, these consequences barge through generations, sometimes altering genealogies.

In this lecture, perhaps no story illustrates the power of simple decisions like that of Esau in the bible. He was quite an interesting fellow. His descendants known as Edomites are today wiped out because of a simple decision on food. Esau was such a reckless fellow and lacked the full appreciation of his God-given endowments and that proved his genealogical undoing.

The bible records that Esau was famished one day and chose to exchange his birthright for red bean stew. He indeed bartered his destiny and that of his descendants for an effluent. This action of his was described in Hebrews 12: 16 as profanity, "*That no one... becomes a profane person as Esau did, who sold his own birthright for a single meal*". The word profane is translated as "godless and

sacrilegious” by the Amplified Bible. It is that profanity that is officially labelled “The Esau Syndrome” by God. It has been variously described as the trading away of God’s lifelong gift in order to satisfy a short term appetite. Biblical account has it that Esau later regretted that impulsive act and wanted God’s blessing. He indeed really shed tears but by then it was too late, tears or no tears. The full story is recorded in Genesis 25:29-34.

This biblical character, Esau, was carefully chosen because I have observed several decisions made by our political leaders as well as the citizens, which have led us to the present state of affairs in the country. Several impulsive decisions have been made which are now being regretted. Hasty decisions often lead to regrets. We have failed as a people to make preparations for various situations we have found our country so that we will not continue to be tempted to make impulsive decisions that we will always regret with tears. Lack of synchronised planning has been the bane of our society.

It is instructive to notice how little Esau thought of the value of his birthright. A people who do not take an inventory of the good endowments quickly become distorted in their perspectives of what is valuable. For the rest of Esau’s life and into eternity, the first son regretted his decision to yield to temptation. Esau was faced with hunger pains and he willingly surrendered the most valuable thing he owned, his birthright for just a meal. Esau undervalued what was good and overvalued that which had temporary importance. Living by short term desires implies a declaration for what is good as worthless and that which is vain as being of great worth. Esau’s distorted value system came as a result of failing to carefully outline priorities.

As a country we adopt the *Esau Syndrome* when we want instant gratification in everything we desire to have. We just have to have it,

and we lose our perspective. The Esau syndrome is the syndrome of **NOW**. Whatever we want, we want it NOW. And usually, we can get it. Just charge it. A syndrome is a group of symptoms characteristic of a particular problem. In other words a syndrome can be a group of symptoms all pointing to a particular problem. Getting through that short, pressure-filled moment is often the hardest part of overcoming a temptation. We can avoid making Esau's mistake by comparing the short-time satisfaction with its long-range consequences before we act.

Many of Esau's decisions were based on his impulsive desire for whatever looked good to him at the time. In Nigeria today Esau's attitude is very common. The citizenry is crying out to the leaders to give them what they want and they want it now. They want it regardless of its cost. The leaders are giving in to their own indulgences and do not care about the consequences for the populace. The leaders and the governed are only looking at the here and not at the hereafter. Esau, we are told, disposed of his birthright in just five verses of scripture. The current economic problems of the country have accumulated over a long period and the recession offers an opportunity to reflect and act on Nigeria's economic ambitions. Oil is not the only factor holding the country back; our economy is suffering from certain underlying weaknesses that the low-oil price environment has only exacerbated. As a people we are jointly and severally responsible for this current economic recession in the following ways;

1. THE MISPLACEMENT OF PRIORITIES:

Esau's priorities were misplaced and consequently his life was lived for the wrong thing. As a people our priorities which should have directed us toward being a prosperous nation have been directed away in the following three areas;

a. The wrong priorities in conduct.

- i. *Being ruled by appetites.* Whatever Esau desired at the moment he exchanged with what was supposed to be his life-time treasure. Transient gratification was what he sought. He saw the bean soup and his eager request indicates how dominating his appetites were. The immediate satisfaction of appetite was all that mattered to Esau. This placed him on the same irrational level with animals (Romans 1:18-32). This is the problem with our society currently. We desire immediate gratification of appetites without minding the consequences. Our choice of goods which we lustfully demand as imports are based on and decided by our impulsive feelings. Whatever our appetite is, we want it immediately fed. We import things that have put enormous pressure on the value of the Naira like Rice, Cement, Margarine, palm kernel, palm oil products, vegetable oils, Meat and processed meat products, vegetables and processed vegetable products, poultry chicken, eggs, turkey, Indian incense, tinned fish in sauce(Geisha)/sardines, wheelbarrows, head pans, enamelware, steel nails, wood particle boards and panels, wood fibre boards and panels, plywood boards and panels, wooden doors, toothpicks, glass and glassware. kitchen utensils, tableware, tiles-vitrified and ceramic, textiles, woven fabrics, clothes, plastic and rubber products, polypropylene granules, cellophane wrappers, soap and cosmetics, tomatoes/tomato pastes etc. The populace do not patronise or regard goods made locally. All manner of things are imported into the country making us totally import-dependent and depleting our foreign exchange. Okpara and Anyanwu (2011) described this as a consumption complex syndrome which they defined as “a state of the consumer’s mind which predisposes him to favour and prefer foreign-labelled products, without a consistently justifiable reason for this”. This syndrome is rooted in inferiority complex. I have observed that the fact that the quality of made in Nigeria goods and services may not be up to the standard found in more advanced countries should not stop our

patronage, rather the producers should be encouraged and given opportunity to improve over a time frame (Nwinee,2011).

- ii. *Ignoring those things that were truly valuable.* Esau did nothing deliberately bad but he simply ignored the value of his birthright. He laid higher premium on the insignificant than on the valuable. Such is typical of our governments at the various levels today. Our sub-national governments are too ready – as Esau was when he smelled Jacob’s cooking – to feel that when anything agreeable is at hand they must certainly have it. This brings to mind the resource curse earlier talked about. Because of the provisions of the 1999 Constitution for the sharing of the federally collected revenue at the end of each month, sub-national and local governments have remained parasitic and have failed to think outside the box. Section 162 (1-8) of the 1999 Constitution provides as follows;
 1. *The Federation shall maintain a special account to be called "the Federation Account" into which shall be paid all revenues collected by the Government of the Federation, except the proceeds from the personal income tax of the personnel of the armed forces of the Federation, the Nigeria Police Force, the Ministry or department of government charged with responsibility for Foreign Affairs and the residents of the Federal Capital Territory, Abuja.*
 2. *The President, upon the receipt of advice from the Revenue Mobilisation Allocation and Fiscal Commission, shall table before the National Assembly proposals for revenue allocation from the Federation Account, and in determining the formula, the National Assembly shall take into account, the allocation principles especially those of population, equality of States, internal revenue generation, land mass, terrain as well as*

population density; Provided that the principle of derivation shall be constantly reflected in any approved formula as being not less than thirteen per cent of the revenue accruing to the Federation Account directly from any natural resources.

3. *Any amount standing to the credit of the Federation Account shall be distributed among the Federal and State Governments and the Local Government Councils in each State on such terms and in such manner as may be prescribed by the National Assembly.*
4. *Any amount standing to the credit of the States in the Federation Account shall be distributed among the States on such terms and in such manner as may be prescribed by the National Assembly.*
5. *The amount standing to the credit of Local Government Councils in the Federation Account shall also be allocated to the State for the benefit of their Local Government Councils on such terms and in such manner as may be prescribed by the National Assembly.*
6. *Each State shall maintain a special account to be called "State Joint Local Government Account" into which shall be paid all allocations to the Local Government Councils of the State from the Federation Account and from the Government of the State.*
7. *Each State shall pay to Local Government Councils in its area of jurisdiction such proportion of its total revenue on such terms and in such manner as may be prescribed by the National Assembly.*
8. *The amount standing to the credit of Local Government Councils of a State shall be distributed among the Local Government Councils of that State on such terms and in such manner as may be prescribed by the House of Assembly of the State.*

The above provisions have made the various tiers of government to jettison those things that will generate more revenue and improve

their economies. Our constitution has given fillip to the spirit of sharing money and not knowing how to earn it. The governments at these levels have remained complacent or stuck with simply an idea that a huge cake has been baked and everyone should come out with a knife to take a cut. Revenue sharing at the federal level has stultified the ability of States to harness their resources, and enhance their competencies and capacities. In the quest to share oil money, as a country we abandoned agriculture, manufacturing and value addition (value chain) activities to the extent that the huge food import bill weighs down our trade balance.

As Akpan (1999) succinctly puts it, one of the basic problems in the deepening dependency of States on the Federal Government for fiscal finance, lies in the negative relationship between oil revenue and internal revenue generation. He posits that as long as this relationship is not reversed, an increase in federal government allocation to States will only result in internal fiscal weakness and increased dependence of the States on the federally allocated revenue. This is so because the revenue allocation formulae adopted in Nigeria does not give much incentive to internal revenue generation efficiency and self reliance among states in fiscal matters.

I also noted similarly that the major challenges hindering the attainment of a sound fiscal policy management in Nigeria include lack of coordination among the three tiers of government; lack of agreement over broad macroeconomic objectives to be achieved and the failure of our various governments at all levels to realise that we are operating one economy (Nwinee, 2010). The study recommended that to achieve fiscal and macroeconomic coordination among the various tiers of government, there is the need for the adoption of fiscal responsibility legislation by all tiers of government, adherence to budget implementation and a public

procurement legislation that ensures due process, accountability and transparency.

b. The wrong priorities in values.

Esau failed to recognize the true values in life. He did not recognize how important the family birthright really was. If he had considered how important the birthright was he would have been more concerned and would not have yielded to the spur of the moment. Our failure as individuals and as a people to recognize the true values of life has led to the sacrificing of our God-given priorities for the moment. Governments have been corrupted because people are guided by the priority maxim that says, "Take any advantage you can, just win." They view winning as more important than being principled and following truth. Society has become corrupted because most people want some special things so much and they want it instantly. Thus, they seek gratification without stopping to think of the eventual price they will have to pay. At present as a country we are daily constantly confronted with the bargaining plea of exchanging our birthright. Such bargains seem thoroughly likeable, absolutely tempting and capable of winning the heart and soul of the unsuspecting. These bargains present themselves as winsome and generous and emotional and this is selling out the truly valuable for a bowl of bean soup. Who is there that may not be inclined, as Esau, to seize some immediate satisfaction at the cost of long-term good and imagine that the consequences of our actions will not matter much? There are things in life that are nonnegotiable. Esau was unwilling to guard the valuable and he surrendered the valuable for the insignificant; the eternal for the momentary. He wanted the easy way. This is a great temptation today because our society no longer accords adequate regard for and recognition of, anyone committed to "guarding" the eternal valuables. This characteristic of Esau is aptly demonstrated in the management of the external reserve, which is the official reserve and the Central

Bank's foreign exchange holdings. The external reserve of Nigeria comprises three components, namely, the Federation, the Federal Government and the Central Bank of Nigeria portions.

It is noteworthy that the Federation component consists of sterilised funds (unmonetised) held in the Excess Crude and Petroleum Profits Tax/Royalty accounts at the Central Bank of Nigeria belonging to the three tiers of government. It is because this portion is yet to be monetised for sharing by the federating units that it is sometimes ignorantly referred to as the reserves of the country. The Federal Government component on the other hand consists of funds belonging to some government agencies such as the Nigerian National Petroleum Corporation; for financing its joint venture expenses, Power Holding Company of Nigeria and Ministry of Defence; for Letters of Credit opened on their behalves, etc. The Central Bank of Nigeria portion consists of funds that have been monetised and shared. This arises as the Bank receives foreign exchange inflows from crude oil sales and other oil revenues on behalf of the government. Such proceeds are purchased by the Bank and the Naira equivalent credited to the Federation account and shared, each month, in accordance with the constitution and the existing revenue sharing formula. The monetised foreign exchange thus belongs to the Central Bank of Nigeria. It is from this portion of the Reserves that the Bank conducts its monetary policy and defends the value of the Naira.

The Excess Crude Account (ECA), meant to save the excess revenues from crude oil sales above a defined or pegged benchmark price as stated in the Appropriation Act or yearly fiscal budget, was created illegally in 2004 under the administration of President Olusegun Obasanjo against stiff resistance by the thirty-six State Governors, without recourse to the National Assembly. The account primarily was to protect the budget against shortfalls and insulate the

economy from shocks resulting from possible fluctuations in crude oil prices. It was also meant to fund critical infrastructure investments such as the National Integrated Power Project (NIPP), and to serve as source of emergency funds. But overall, government at all levels especially the States has used the account as a conduit pipe for corruption, looting the funds at any slightest opportunity.

The Nigerian Governors Forum in 2008 instituted a lawsuit against the Federal Government of President Musa Yar'Adua calling for the sharing of the \$20 billion balance as at the end of 2007 on the ECA when there was a surge in oil prices. In 2009, the Federal Government opted for out of court settlement and by the end of that year the balance dropped to \$6.5billion which the President Goodluck Jonathan administration inherited. The Governors further insisted that the \$6.5 billion in the ECA must be shared and in January 2010, the Federal Government acceded to their request and shared \$2 billion from the ECA. Despite all these amounts shared between January and May 2010, the Governors demanded that the left-over be shared. By June 2010, the account had fallen to less than \$4 billion due to budget deficits at all levels of government in Nigeria and steep drop in oil prices. In August 2010 the Federal Government under President Goodluck Jonathan bugged and withdrew about \$3billion from the ECA, leaving behind a meagre \$460 million. Following the observed sharing spree of the ECA, the National Economic Council in 2010 sought to remedy the illegality of the ECA and approved a plan to replace the Excess Crude Account with a National Sovereign Wealth Fund as the supposedly rainy day account, ECA, was fast drying up. The National Sovereign Wealth Fund itself was to have three Sovereign Wealth Funds, namely: Future Generation Fund, Nigerian Infrastructure Fund and Stabilisation Fund. These Sovereign Wealth Funds were to manage excess earnings from crude oil, and it is all embedded in the Nigerian Sovereign Investment Authority (NSIA) which is supposed

to be receiving monthly funding of revenue from oil and gas above the budget figures. The Senate of the Federal Republic of Nigeria in May 2011 approved the NSIA Bill 2010, which sought to establish a Sovereign Wealth Fund to manage excess funds from crude oil sales. And the NSIA Bill was subsequently passed by the House and assented to by President Goodluck Jonathan. The wealth fund commenced operations in October 2012 after its initial \$1billion funding but the fact that the illegal Excess Crude Account was still operational even when there is now a substantive legally passed NSIA Act that has replaced it made people curious and rightly so. The balance in Excess Crude Account (ECA) as at February 15, 2017 was US\$ 2,458,382,844.03

In October 2011 the opposition Governors assembled a team of Senior Advocates of Nigeria, threatening and demanding that the \$1billion saved in Sovereign Wealth Fund be shared along with the billions in ECA. The government of President Goodluck Jonathan proposed out-of-court settlement but the Governors being so determined to share the money, instituted another lawsuit again two months later asking the Supreme Court to stop the Federal Government from saving \$2billion in Sovereign Wealth Fund but should instead share the money. Between 2011 and 2014 Federal Government took N3.29 trillion while the 36 states received a total of N2.92 trillion. They received N966.6 billion in 2011, N816.3 billion in 2012, N859.4 billion in 2013 and N282.8 in 2014. The Federal Government grew the ECA from \$450m in 2010 to \$9 billion in 2015.

The preceding account clearly explains how well our sub-national governments have guarded the true valuables in our political and economic life as a nation. Suffice to state at this point that all these drawn-downs in the Excess Crude Account for the aforementioned periods had always flagged the need to stimulate the economy as the

basis for their requests but it turned out that these so-called stimulation only advanced the demoralization of the economy and that is how the country found itself neck deep in the current recession.

In 1926, George Samuel Clason, an American businessman, started writing a series of pamphlets on thrift and financial success, using Babylonian parables. Clason is the author of *The Richest Man in Babylon*, one of the most inspiring books on wealth ever written. While the central message of the book is for individual empowerment, it is also applicable to governments. In the book, Arkad, the richest man, was asked how he acquired his fortune. Arkad quoted the first piece of advice he received from Algamish, his mentor: “*I found the road to wealth when I decided that a part of all I earned was mine to keep.*” The advice to save nothing less than a tenth of what he earned was the start of a transformation in Arkad's life. Successive Nigerian governments had failed to save or invest a part of the earnings of the country. No individual or government that spends all its income during times of plenty should expect everything to be well in times of shortage or crisis. Globally, countries as well as sub-national entities that generate revenues from commodity exports have established frameworks to put aside a portion of their earnings for the future and the vehicle mostly used for such savings is the sovereign wealth fund (SWF). In one study, we warned that the current fiscal challenges should instruct government officials across the States on the value of saving for the future (Nwinee and Torbira 2012). We investigated the situation using a four predictor model of savings by our various governments. The study revealed a clear case of uneven distribution of income in the country due to profligacy and thus recommended the institutionalisation of a proper and effective income redistribution mechanism to close the gap between the rich and poor as well as

improving the impact of current real income earnings on the populace.

c. The wrong priorities in religion.

Esau traded the future for the moment. All our present activities in life are leading us into the future and the choices which we make now in life are directing us toward our future destiny. The foolish choice of Esau is a tragic illustration of the consequences of the wrong choices we make in this life and forget about our future lives. The great tragedy of Esau is highlighted by Hebrews 12:16b, where for one piece of meat he sold his own birthright. He traded an eternity of blessings and dignity for one thing. That bowl of bean soup appeared desirable; it would stop the hunger pains and revive his energy, but it was only one morsel of meat. Its satisfaction was only for the moment. He forgot the eternal future. After that bowl of soup was consumed, Esau's hunger returned and his tragedy was unavoidable. The same tragedy befalls this country for bargaining away its lasting blessings. Several of such typical examples abound of how as a people we have sacrificed the future blessings for the momentary. This feature or attribute of Esau is akin to the reality that as a nation we focus on selling our primary resource (oil in particular) for imported items. Our economy creates employment for outsiders instead of insiders through its patronage of imported items. It is good to import capital goods, but it is not so good to import all manners of consumer goods. As a country we have by this action transferred our wealth to these countries and in return we have imported poverty and stagnation to our body polity due to the millions of jobs lost through such activities. Our economic problems are due to the fact that aggregate demand for goods and services clearly outweigh the aggregate supply in all sectors of the economy. There are clearly obvious rigidities in the supply sector of the economy.

According to Kale (2016), Nigeria ranks among the most richly endowed nations of the world in terms of natural, mineral and human resources. Nigeria has a variety of both renewable and non-renewable resources, some of which have not yet been effectively tapped. Solar energy, probably the most extensive of the underutilized renewable resources, is likely to remain untapped for some time, and the vast reserves of natural gas produced with crude oil are yet to be fully utilized. With a highly entrepreneurial, hard-working, largely youthful population of over 170 million people, over 32 million Micro Small Medium Enterprises and a labour force of about 76million, Nigeria is Africa's most populous country and its largest market and economy with a household consumption expenditure of over ₦63trillion in 2014. Nigeria also contributes over 70 percent of the West African sub-regions' Gross Domestic Product (GDP). Nigeria is favourably-positioned geographically and not susceptible to the natural disasters many other countries are prone to. We are rich in intellectual capacity, with many Nigerians at home and abroad distinguishing themselves among the best in the world, in various areas of endeavour. Furthermore, Nigeria is abundant in natural resources. The country is the 8th largest producer of petroleum, with oil reserves estimated at about 36 billion barrels. Nigeria also has the 6th largest deposits of gas with our natural gas reserves estimated at a minimum of 100 trillion cubic feet.

The high hope of rapid development and industrialisation of the nation that accompanied our independence in 1960 has been dashed. The collapse of essential infrastructure such as electricity, transportation, portable water for economic and industrial activity, investable fund; and inconsistent government policies on stimulation of industrial activities have discouraged the springing up of industries despite the fact that Nigeria with her large population and vast land is well suited to be the economic hub of Africa. We have

failed woefully to utilise our large human and natural resources to develop the industrial sector for optimal utilisation of the resources and sustainable economic stability.

In the primary sector, Nigeria has drifted to a mono-commodity economy based on petroleum. Agriculture was the mainstay of Nigerian economy before the emergence of petroleum industry. It contributed about 55.8% of the nation's GDP in the 1960s and engaged over 70% of Nigerian labour force. With heavy government support, it now contributes about 40% of the GDP after it had gone down to 28.4% in the 1970s (Sanusi, 2010). It has not been able to fulfil its primary role of feeding the nation, providing raw materials for industries and profitably engaging the teeming unemployed labour force. The sector has been neglected and its productivity is low. It still operates on peasant farming and relies on rudimentary farm implements and low technology which cannot effectively satisfy the needs of the operators and meet current agricultural needs of the nation, not to talk about actualising its potential of being a major foreign revenue earner of the nation.

Nigeria has large quantities of over 34 types of solid minerals, including significant uranium deposits, abundant arable land and over 44 exportable commodities. Like agriculture, the exploitation of these minerals is neglected and left in the hands of local peasants who lack both the funds and expertise for their efficient and economic exploitation. The solid minerals can also contribute significantly to the nation's GDP and be a major foreign revenue earner if given the necessary attention. With such an abundance in human and natural resources, Nigeria should actually be one of the most diversified and competitive countries in the world. Regrettably, as mentioned earlier in this work, Nigeria has historically been heavily dependent on a narrow range of traditional primary products and relatively few export markets for the bulk of its export earnings.

Diversification in exports and in domestic production will accordingly promote rapid economic growth.

The petroleum industry is the only sector that has been striving in Nigeria and has pushed us to the forefront of the global industry but despite our high profile in the extraction and export of crude petroleum, the downstream sector of the industry is yet to develop. Nigeria still imports a substantial amount of refined oil for her domestic need. The other petrochemical industries that should accompany the oil industry are lacking. It is unfortunate that the huge oil extraction in the nation does not translate into development of petroleum allied industries and stimulation of diversity of the economy.

I have in a previous study canvassed for the government to seize the opportunity created by the global financial crisis to rise and shine and be counted among world powers, Nwinee (2009). We posited that a meaningful diversification would entail policy focus in the agricultural sector, leveraging the linkages in the hydrocarbon industry, that is, the spin-offs in the petro-chemicals, effective utilisation of the immense resourcefulness and creativity of the citizens, the development of solid minerals and giving the manufacturing sector its well deserved attention out of the morass of stagnation.

2. PRIORITIES DISPARAGED

Because Esau failed to follow the right priorities in his conduct, values, and religion, he faced great tragedy. His led a foolish life. Studying his act of selling his birthright for a bowl of bean soup reveals these ways in which led him to live with misplaced priorities.

a. He lived with freedom to pamper self.

Esau's life was regulated by his own personal laws rather than established social conventions and laws of society. As an uncivil man, Esau lived with total freedom to do whatever he desired. He lived without any consideration for others – only for himself. This inclination to recklessness led Esau into tragedy and will do so wherever activities are carried out without rules. In this country we notice poor and selective implementation of the Appropriation Acts at the various levels of governance. The issue of budget failure is commonplace and has been the country's development albatross. A country, even an individual, family or an organisation, which does not spend by budget, cannot grow. Budget is the key instrument through which elected officials are expected to choose what services are to be provided by government and which areas are to be left to the private sector of the economy. It is also the principal instrument of fiscal policy used to encourage stable growth, sustainable development, prosperity, and optimum employment in the economy. The budget spells out the scope and cost of activities, as well as the specific programmes required for the implementation of the programmes.

The major bane of our various governments at all levels is that they have adopted leftist ideology in the revenue generation profile of the budgetary system in the country. We are more inclined towards creating a dependency culture that relies on state support for revenue. As an aftermath of the resource curse we have carried on by creating a welfare state where subsidies rule the roost. This far left policies where government reaches out to the people with welfare funds and assistances has destroyed opportunities, restrained human ingenuity and engendered inefficiency in revenue generation in our budgetary system. We still cannot recognize this ugly reality and the delusion is thriving. Successive governments, military and civilian, as an escape for their culpability for this perpetual failure have been

at loggerheads and playing the blame game. Since the advent of democracy in 1999 our governments have become extremely authoritarian amidst economic delusion thus deepening our economic woes and crisis. The failures of the economic credibility of our budgetary system are becoming clear, and the blame game on the legislature for conspiring against the people is unjustified. Put simply, our civilian governments have always used the National Assembly as scapegoats for their own failures in the leftist economic approach to our revenue profile.

At the federal level we notice easily the trading of blames between the executive and legislature over delays in passing of budgets and poor budget performance. It takes as much as three months or more for the National Assembly to deal with inconsistencies, ambiguities, general irregularities, and other fundamental flaws contained in the budget proposal. It takes the executive till the month of December in most cases before presenting the budget proposal to the National Assembly, without considering the fact that a long and labourious process and scrutiny are required to pass the budgetary test; yet we preach and expect the passing of the budget to follow due process.

Our budget failures cannot be blamed on any financial or economic crisis. The fact is that since the country gained independence, the funds approved for project execution have also not been judiciously utilised, and the executive, both at the Federal and State levels, has hardly complied with budgetary provisions. Worse still, proper planning regarding how budgets are to be effectively implemented are usually not made before their preparation and presentation to the legislature.

Budget is a veritable vehicle not only for propelling national growth and development, but also for stimulating participatory democracy. It therefore goes without saying that if its preparation and

implementation are bungled, the country's economy will be destroyed and its development efforts stifled as is now witnessed. We thus recommended that to solve the problem of budget failure in Nigeria, the managers of the economy must learn to translate policy objectives into the budget, make a realistic assessment of the resources likely to be available to the government, and ensure conformity of actual expenditure with the budget, Ajie and Nwinee (2011). We also suggested that strengthening the internal mechanisms of checks and balances in public organisations should not necessarily be by creating an inclusive and comprehensive oversight system. Citizen's patriotism is key element in achieving this objective.

b. He lived as a victim to personal appetites.

It is a tragic irony for anyone to boast of living in absolute freedom when in reality such a person is slavishly constrained by a psychological determinism shaped by his appetitive drives. Esau was consumed by his base appetites. Our country today lives by misguided personal priorities and we are all consumed by our greed. Statistics have it that 80 percent of products imported into Nigeria are either fake or substandard. A formal complaint to the World Trade Organisation (WTO) was made in 1996 that China was dumping fake products into the country. At that time, China responded by explaining that it was not deliberately dumping inferior goods on Nigeria but that Nigerian businessmen were culpable because they imported the products. However, Nigeria continues to groan under the yoke of fake and substandard products in terms of human and material losses. In the drugs category, countless lives have been lost while many children have suffered developmental disorders. Thousands of houses have been burned and with them many lives as a result of the use of substandard cables and electric appliances imported into the country or even manufactured in some illegal factories.

The national economy has thus directly suffered in terms of lost revenues through taxes. Nigeria ranks among the world's highest market for fake and substandard products and equipment as evidenced by the wanton display of all manner of poor quality goods and products littering the open markets, shops, supermarkets, drug stores and other retail shops. The markets are replete with these fake and substandard products spanning all classes and categories of items, including pharmaceutical, domestic and industrial electrical and electronic gadgets. Building materials, tyres and tubes, automobiles, machine spare parts, food and machines, fast moving consumer goods such as milk, wines, juice, beers and non-alcoholic drinks to mention a few are also targets of counterfeiting.

Conservatively, about ₦15 billion is lost annually to fake and substandard products in Nigeria. Lives continue to be lost in road accidents when substandard tyres imported from Asia burst on high speed and vehicles either summersault or swerve into other vehicles on the highway. In 2014 alone, Standards Organisation of Nigeria destroyed fake Century brand of stabilizers and other items valued at ₦5.5 billion.

For the communications market, the counterfeit segment has grown to become larger than life, generating huge income for the perpetrators at the expense of the consumers, the original equipment manufacturers and the economy in general. It was estimated that in 2013 alone, about ₦2.7 billion was spent on the importation of one million units of fake phone units. This undoubtedly posed a huge threat to the nation's economy, especially its internal generated revenues.

Smuggling is a major activity of importers of contrabands such as fake phones; fake cables; fake and substandard drugs and adulterated products. Smuggling, which involves evasion of Customs check and

duties, trafficking-in prohibited or restricted goods and use of unapproved routes and ports is economically detrimental to revenue generation. Forging of Custom documents, touting in Customs goods and documents, and those who engage in it are economic saboteurs because they rob government of huge revenue that could have been used for other economic developmental purposes. This way, the economy loses potential employment opportunities as genuine manufacturers and employers of labour are hindered because of illegal activities. Investors are discouraged, thus dealing a death blow to efforts at encouraging foreign direct investment. The most disturbing part in all these is that shop keepers knowingly stock fake and substandard goods and warn patrons of their existence. The question then is why are Nigerians willingly purchasing these goods? I have warned elsewhere that while the government is spending millions in order to secure its borders, perhaps it should look at its own trade policies, which may have encouraged the rampant smuggling in the first place, (Nwinee, 2004). The study observed that Local businesses are being driven out of business by cheap imported products and that if care is not taken the whole local industry will collapse and the country will lose thousands of jobs. We advised that the government should ban these imports or at least place tariffs to support our local industry and help keep these jobs to stem the rising wave of economic loss to the economy

c. ***He relinquished the eternal for the ephemeral.***

Esau had no concern about what the bowl of soup would cost him. His feelings were his gods. He saw no real value in the birthright. As a country we have today imitated Esau's folly. It is tragic that we seem not to look beyond this earth to the heavenly paradise. In Hosea 4:6, the bible records that my people perish for lack of knowledge. Alfred Marshall, a great economist and the founder of the neoclassical school had since 1890 about 127 years ago ranked knowledge as the overarching growth engine or simply put, the most

powerful engine of production. The goal of a knowledge economy is the elimination of extreme poverty, and job and wealth creation. In other words, it is an economy where knowledge is fast replacing physical resources as the driver of economic growth.

Umo (2006) posits that the modern knowledge economy is propelled by four pillars, namely the economic incentive and institutional regime, an educated and skilled labour force, an effective innovation system and a modern information and communication technology. According to the knowledge economy framework, investments in all the four pillars will lead to a sustained increase in higher value added in goods and services and by implication robust economic growth and an improved standard of living for the populace. From the foregoing it can be rightly said that our development regress is fundamentally caused by a collapse in our education system and by implication the weakness and sometimes collapse in development institutions, innovation capability and ICT infrastructure. The apparent decline in knowledge culture has permeated the entire society and weakened its very foundations in the knowledge age.

Investment in knowledge broadly involves investment in education and research while on a narrower scale it is on focused research and development (R & D) projects. Substantial inputs are required by government because they are expensive ventures. As a country, our investments in education has been far below 2% of the Gross Domestic Product from independence till the 1990s, but following the enthronement of democratic governance in 1999, the budgetary allocation barely hovers between 7% and 8%. The data on investment in R & D for the various research institutions reveals that they have been consistently grossly underfunded. Umo (2006) reports that even our indigenous firms hardly invest in R&D while the foreign direct investments outsource their R&D investment abroad, if not carried out at head office.

Countries that have transited into knowledge economies like Japan, Ireland, Korea and Sweden make huge private sector R&D investments and have stronger linkages with their universities. Sadly, our economy with high unemployment continually ignores sources of knowledge and rational information as bases for decision making. Volumes of research outputs, materials and studies are left lying waste in shelves, offices and libraries because of non-use. Our major undoing in this country has been how to forge a fruitful linkage between available knowledge and practice and application. As Umo (1977, 1979) puts it, the problem with the non-use of acquired skills is the high human capital depreciation it attracts, whereas its utilisation is associated with high rates of returns. The maxim '*use it or lose it*' is applicable in human capital development. As Arrow (1999) aptly pointed out, it takes knowledge to create knowledge. The single most destructive harm that the brain drain has done to our country is in depriving it of knowledgeable star professionals who should stay to reproduce their kind as well as serve as professional models for the upcoming generation.

A cursory look at the pillars of knowledge economy reveals that countries with high growth rates have used knowledge to create knowledge, transmit knowledge and used knowledge for their advancement. About 71% of R&D in India is performed by the Central and State governments while about one-third of the R&D expenditure in China is by government. Today India is much sought after because it possesses home-grown domestic quality graduates especially in science and technology. Italy has remained a strong and credible economy after the Second World War despite the high turnover of its political leadership because all its institutions are strong. In the same vein, South Korea emerged from its financial crisis because of the quality of the human capital it deployed as well as the tools and equipment. The Indian economy is robust today because it invested heavily in technical and engineering education

and training spearheaded by its educational centre of excellence. More than 200,000 scientists, engineers, and technicians are produced annually in India and this pool of professionals has offered the Indian economy as a preferred destination for global outsourcing. There is no gainsaying that research holds the key to development and only a people lurked in perpetual retrogression can afford to ignore its place in developmental issues, (Nwinee and Otto 2001). Since career advancement in universities is based on the “publish or perish” syndrome and since research in these institutions is financed by government, there is usually a tendency to distribute funds in an equitable manner that gives every researcher a chance to publish and enhance his/her career. In such situation, the relevance of the research work to development ceases to be important. As a result, most of the research works are irrelevant to the industrial development of the country. Obviously the results of such research cannot be commercialized and local entrepreneurs and industries have no desire to forge partnerships with universities operating under such a policy for the award of research grants.

While the weak research base and the nature of the support for research leads to very poor research output, it is ironical that even these few results are abandoned prematurely. Even with all the above mentioned constraints on research, there are still some amount of research work being undertaken in some institutions which could yield results that should interest local industries. Inability to develop these results into commercial products becomes a disincentive and even causes brain drain among scientists.

d. ***He had no regard for the things of God.***

Whenever it came to a contest between what God wanted and valued and what Esau wanted and valued, there was no contest. Esau was quick to despise the holy things of God. In the Hebrew text there is a rapid series of verbs that show how Esau despised God. By eating,

drinking, and rushing out Esau showed that he had no interest in the birthright, which was God's blessings. Esau was more interested in himself than God. To despise means to treat something as worthless or to hold it in contempt.

We have earlier established that God created the foundations of finance for use as a social good, specifically for stewardship, justice, and love. It is the hallmark for social regeneration and transformation. Since the attainment of independence as a country we have witnessed successive governments, military and civilian, with each always coming up with new programmes and projects for the betterment of the people. Sadly, many of the laudable programmes and projects are often abandoned by successive governments at the Federal, State and local government levels. They ostensibly do so because they don't want to associate themselves with projects and programmes embarked upon by their predecessors. In other words, they do not want their predecessors to take credit for the success of these programmes. This abandonment is done without taking into cognizance the huge amount of public funds involved in initiating such projects and programmes. These abandoned projects cut across all sectors including Health, Education and transport.

This hydra-headed monster has been sucking Nigeria thus preventing the masses from enjoying maximum benefit from their taxes and the established infrastructure. Whenever a new government or administration comes into power, virtually all ongoing projects and programs, no matter how laudable and people-oriented, are often stopped and abandoned. The number of abandoned projects in the country today is alarming. The consequence is its disastrous impact that we currently face on the national economy. Every new government considers projects and programs of its predecessors more as signature project of the previous administration rather than ways meant to improve the

people's well-being. For example the National Economic Empowerment and Development Strategy (NEEDS) of the Obasanjo's administration were abandoned by President Yar'Adua simply because it was seen as the legacy of Chief Olusegun Obasanjo. President Yar'Adua's Seven-Point Agenda was replaced with the Transformation Agenda by President Jonathan's government even though President Jonathan was part of Yar'Adua's administration. We failed to progress because of this trend of wastefully abandoning projects and programmes merely on the basis of prejudice, selfish desire, inferiority complex and extravagance. Some arguments for the need to discontinue ongoing projects or programmes may be quite reasonable. However, abandoned projects still remain a conduit pipe through which Nigerian resources are being wasted away without benefiting the people.

Cases abound where some administrators on assumption of office even pull down the entire building and build new ones. The point is that, as soon as these programmes and projects are abandoned, new ones are initiated only to be abandoned again by yet another successive government. And so, the abandonment continues while the nation's resources continue to be wasted. In the developed World, those who take over from previous government are always happy to use items used by the founding fathers of such countries several years back. Projects and programmes as well as policies there are sustained. They do so because they place the interest of the people and their nations above all other considerations. This sustainable policy has yielded positive results as these countries have moved from developing to developed world.

Our political economic strategies have largely been influenced by the nature of the challenges faced as well as the existing alliances amongst elites. According to Lewis (2007), Nigerian leaders being increasingly insecure and facing short time –horizons, fashioned

strategies of political survival that relied on dispersed clientele politics. Olson (1993, 2000) in describing the developmental course by leaders in developing economies, which are largely predatory, categorised them into Stationary bandits and Roving bandits. He described stationary bandits as leaders which seek to provide a stable setting for economic activity so that they may tax a steady or growing stream of income while Roving bandits prefer the “smash and grab”, heavily discounting the future, have little interest in long term income flows and they prey on the economy with indifference to negative effects. Corruption and patronage being an integral component, he concluded by describing Nigerian executives as acting as roving bandits.

3. PRIORITIES THREATENED

The greatest threat to our national priorities today remains the same as those Esau faced. Subtle temptations are offered so that we trade our valuable birthright as children of God for the worthless bowl of bean soup. These temptations most times appear desirable, useful, and even necessary but they are usually deadly in the long run. These temptations in our body polity come in one of three ways:

➤ ***Through the desires of the flesh.***

This is the gratification of the senses without regard to God’s Laws. If we do not set our priorities for the flesh according to God’s priorities, then we lose dignity and honour. In Nigeria today, sponsorship of a political party or candidate is effectively a business investment, which the investor must recoup the moment his candidate gets into public office. The very peculiar nature of Nigeria’s socioeconomic environment characterized by hunger and illiteracy make the electors and indeed government agencies susceptible to manipulation by corrupt politicians who take advantage of inadequate electoral laws. This lacuna creates a leeway to unlimited access to political finance sufficient to destroy the

electoral process. As a country we have consistently contributed to the present state of affairs because of the prohibitive cost of seeking public office. The cost of prosecuting elections for someone seeking for political office are prohibitive to the average Nigerian except the rich men, or those who have rich benefactors, or those who have dipped their hands in public funds.

Unfortunately these humongous costs are actually enshrined in our laws. Section 93 of the 2006 Electoral Act stipulates that election expenses by every candidate shall not exceed; ₦500 million for presidential candidates, ₦100 million for Governorship, ₦20 million for Senate, ₦10 million for House of Representatives, ₦5 million for State Assembly, ₦5 million for Chairmanship of Local Government council and ₦500, 000 for Councillorship. In addition, no individual was allowed to donate more than ₦1 million to any candidate. Sadly the 2010 Electoral Act further doubled the campaign spending limits in the 2006 Act such that someone running for the Presidency can spend up to ₦1 billion, a Governor ₦200 million, ₦40 million for Senate, ₦20m for House of Representatives, ₦10 million for State House of Assembly and local government, and ₦1 million for ward councillor. This is not counting other fees like the expression of interest, formalisation of intent, administrative charges, and all such levies which combine to make elections a game won by the highest bidder.

A cursory look at the provisions of the structure of salaries of public office holders by the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC), reveals that the total emoluments of the President, Vice President Senator, Member of the House of representatives, Governor, Member of a State House of Assembly, Local Government Chairman and Councillor in 4years is a far cry from the amounts expended to get into office. It can therefore not be baffling that after being elected, a public official's first concern is to

recoup all the investments made in his campaign, replenishing both his own funds, and those of his benefactors. This prohibitive cost of seeking public office in Nigeria is a major reason why corruption continues to thrive and has caused our present economic woes.

The matter is further exacerbated by the fact that Independent Electoral Commission (INEC) does not even monitor electoral processes closely to enforce its provisions on the spending limits and other infringements as enshrined in Section 153 of the Constitution, and Part 1 of the Third Schedule. The lack of attention to this crucial area creates room for unchecked influx of money into politics, thus making governance the preserve of a small minority, to the detriment of a majority. Our system creates leakages for corruption; hence the brazen theft and unaccountability in our polity resulting in the current recession which we face. Candidates invest large amounts of their private savings to contest in elections. This means that in most cases, only moneybags and those sponsored on their own terms become candidates. Money is used to influence the candidate selection process within parties and largely influences who wins the main elections. Electoral laws governing how parties should secure and spend their funds are ineffective as there is a lack of knowledge about them. As a result such laws have limited enforceability Okunade et al (2009).

The failure of INEC to undertake a proper examination and audit of the accounts of political parties exacerbated the aforementioned practices and fuelled corruption in public office. The INEC also failed to ensure that all political parties had records of all donations to their campaign funds neither do they have a record, which shows the total expenses of all the political parties for the purposes of invoking the provisions of section 84, 92 and 93(2),(3) and (6) of the 2004, 2006 and 2010 Electoral Acts. There have been no verifiable steps taken by INEC to sanction corporate bodies that contributed to

the campaign funds of political parties in total disregard of the provisions of section 38 (2) of the Company and Allied Matters Act (1990), which prohibits donations or gifts of any of its property or funds to a political party or association. The result has been a political process captured by special interests, resulting in an undue influence on government policy and distortion of political and economic discourse for the good governance of the country.

Political party finance is at the heart and a major source of corruption in our country. Political finance laws and regulation, through which political parties and candidates for political offices declare their funding sources, are among the main instruments. Eme (2014) suggested that in an effort to avert this monetization of politics, we must create awareness of the dangers of high monetization of politics so that all the citizenry become watchers of the system without which we shall return to political wilderness.

➤ ***Through the desires of the eye.***

This is doing that which appears pleasing or that which looks good. As a people we trust in the outward and if a thing looks good then we follow it. Crucial decisions of our political leadership had been based purely on an ego drive which propels the individual into saying that '*I did it*'. The implementation of the Treasury Single Account (TSA) by executive fiat is an instance of such arbitrariness. The Federal Government in a bid to bring sanity, stop corruption and to consolidate all Federal Government's funds instructed all its Ministries, Departments and Agencies to transfer their funds in all commercial banks to the Central Bank of Nigeria with immediate effect. Opinions calling for caution and for a stepwise approach were tagged as corrupt. The banks that delayed in executing the instructions were heavily fined. Government officials hailed and advertised the successful implementation of the program as a huge success. Contrary to that assumption, my contention is that the

withdrawal of huge deposits from deposit money banks reduced the ability of the banks to grant loans to their customers. A bank lends a portion of its deposit to customers while the balance is reserved to meet withdrawal demands from the depositors. There is no gainsaying here that deposits by the government had been a very reliable source of deposit to commercial banks. The abrupt adoption of the TSA forced most companies to produce less, sell less, and sack more of their workers or even close shop if they cannot access bank loans to fund their operations. Painfully, some banks had to stop funding projects halfway hence making completion impossible and resulting in bad loans. The financial reports of our big banks in Nigeria are replete with huge bad loan provisioning and diminished profits for the year ended 2016. The gale of sacking of bank workers became commonplace forcing the Labour Minister to threaten banks with licence withdrawal. In a patriotic bid to stamp out widespread corruption and rent seeking in the management of government funds, the government directed for a wholesale implementation of TSA with alacrity and damning these consequences which has contributed to where we are today.

Lewis (2007) posits that culturally diverse societies like Nigeria face sharp tensions between the goals of growth and distribution. A stable coalition among State elites and private producers is essential for long term economic growth and the absence of such equilibrium produces an economic growth that is politically fragile. In that study he concluded that ethnic and regional competition existed and has hampered such coalition. The political elites have turned instead to populist strategies and diffuse rent distribution among a fragmented and polarised business class. The populist option proved short lived when oil revenues dwindled, while the residual rentier alliances were unstable resulting to economic stagnation and disarray.

➤ *Through the pride of life.*

This is pursuing the applause, honour, and praise of men as the top priority in life. Policy inconsistencies are among the causes of the present haemorrhage in the economy. Every new administration takes on a new policy initiative instead of building on the previous ones resulting in a series of ineffective and poorly implemented policies. Since the military intervention, physical and intellectual laziness has taken over the land and has become the basis of governance instead of rigorous debate and dialogue leading to the agreement of people who make up the territory of Nigeria. Continuity on this dysfunctional path has been the bane on our path of progress and economic growth. We posit in this lecture that there was haste by the Federal Government of Nigeria in the policy of stoppage of pipelines contracts and crackdown on Niger Delta militants as well as the delayed dialogue. These actions helped to fuel our present economic crisis.

The Federal Government failed to weigh the consequences of its policies in Niger Delta. As an area of strategic importance to our survival there was need for caution. The suspension and probe of the contracts awarded by the immediate past civilian administration to Niger Delta ex-warlords and the suspension of the implementation of the Amnesty program may have been well-intentioned but it gave the militants the excuse to recommence the sabotage of the national oil assets hence causing a drastic reduction in the revenues from oil and gas to fire our power plants. The resultant outcome is a drastic reduction in the amount of crude oil available for export, in a situation where there was already a fall in crude oil prices in the global market. This is like an addition of blindness to the problems of a crippled man. The action of the government was akin to using a live bullet on robbers at a refinery, with the resultant effect of a huge fire which will damage the products and the entire refinery that was

being protected and the cost of repair outstripping the cost of the fuel being stolen.

The country was having a daily oil production level of 2.2million barrels per day as at the second quarter of 2015, but with these policies it came down to between 600,000-800,000 barrels per day levels hence foisting on us a twin affliction or double whammy of reduced volume and reduced price resulting in reduced revenues. The national budget could not be funded adequately resulting in the failure of all tiers of government to execute their budgets. Also, the decrease in oil revenues hindered the ability of the Central Bank to provide importers the required foreign exchange leading to a reduced output by manufacturers as essential foreign raw material inputs cannot be sourced. Consequently, companies have to reduce production capacity, buy less local inputs, sack more workers, pay less or no tax and finally close down. These are clearly the symptoms of recession as we have earlier established. Also, the Niger Delta is chiefly the investors' destination or the investors would need raw materials from there to feed their production. Following the restiveness in the area, a huge portion of Niger Delta-attracted foreign direct investment that would have come into the economy has been kept in abeyance.

5.2 IRRATIONAL LEGISLATIVE EXUBERANCE

In finance the term irrational exuberance is used to refer to a situation in which investors are very confident that the price of a financial asset will continue to go up and they lose sight of the fundamentals of its underlying value. They overlook critical things like the deteriorating economic fundamentals in the pursuit of ever-higher returns. Instead, they get into a bidding war and send prices up even higher. Irrational exuberance drives the peak phase of the business cycle.

In this lecture we have coined its usage to refer to some critical budgetary processes, legal and constitutional provisions that have remained an albatross in our economic development as a sovereign nation. This coinage was borne out of the fact that despite the seeming and obvious weaknesses of the laws and processes we have still carried on as if all was well in the country whereas they are collectively responsible for the current situation in which we find our economy.

i. In Nwinee (2009) we had observed that there is a worrisome imbalance among the branches of government, with the legislative branch significantly weaker relative to the other two. The executive branch is especially powerful. The relative weakness of the legislature is detrimental to our democracy, as the parliament is the body that represents the people in all their diversity. The Parliament is intended to reflect the will and desire of the diverse segments of society. A weak Parliament means that the will and desire of the people may not be duly and fully expressed in the Nigerian government system.

The budget is the single most important governing tool. The citizens of a country, state or local government area contribute to the respective treasuries of these tiers of government on the assumption that the political leaders whom they elect will take part in the decision making process regarding the use of their government funds, taking into account both the broad interests of the government and the narrower interests of the individuals and groups that comprise Nigerian society. At present the above scenario is not playing out or working as so described. The budget is prepared from beginning to end by one department of the executive branch – the Budget Department of the Finance Ministry at the Federal and State levels and by the Treasury department in the case of Local governments in the country – and Parliament is left to ratify it,

almost virtually as submitted. This is worse at the States and Local government levels.

The primary characteristic of the budget-making process is its over-centralization within one body of the executive branch – the Budget office at the Federal level or in the Budget and Economic Planning or the Finance Ministry in some States and the Treasury departments of the constitutionally recognized 774 Local government areas in the country. This budget or treasury department or whatever nomenclature any tier of government chooses to call its own has the sole responsibility for setting the main macroeconomic parameters as well as the total level of expenditure. It prepares not just the overall budget for the tier of government, but also the budgets of each and every government ministry and agency. It also has sole possession of critical information about the various aspects of fiscal policy.

The current practice amounts to mere budget-ratification process and it reflects the contempt for the very institution of the Legislature. The elected officials receive the budget bill of government from the executive arm of their respective tier of government en bloc and are asked to ratify it within a short time without any in-depth deliberation or real debate about the alternatives. The Legislature is left out of deliberations concerning the major macro-economic parameters that set out the contours of the budget, as well as of decision concerning the basic structure of budgetary allocations. Mention must be made here that at the Federal Level, the medium term expenditure framework which forms the bedrock of budget proposals is been submitted to the National Assembly since 2007 following the passage of the Fiscal Responsibility Act.

Budgeting is a process and the Legislature joins the budget making process after it is over. The foremost indication of the weakness of

the Legislature in shaping national economic and social policies is the fact that its involvement in preparing the national budget begins after the budget has already been written, sealed and bound as a volume of the budget bill. The process of preparing the budget, obtaining government approval, and having it ratified in the Parliament is not made explicit by law at the levels of government in the country. In practice, it is on receiving the draft budget from the President, Governor or the Chairman of Local Government that the appropriation procedure commences. The parliament is not at privilege to discuss it. Instead, there will be a fixed date for the first reading where the Majority Leader introduces the Appropriation Bill to the members.

After passing its first reading, the second reading of the budget bill allows members participation and discussion on general principles guiding appropriation procedure. The bill moves to the Appropriation Committee. There are other sub-committees that assist the Appropriation Committee. The Committees sits and consider estimates of the different budgetary entities as contained in the bill.

The Appropriation Committee is ostensibly the only organ of the Parliament that looks at the budget bill prepared in the Budget Department of the executive branch of government in a systematic manner. However, it lacks the professional means to do this: in fact, it is still the staff of the Budget Department of the executive arm that serves as the primary source of information and advice to the Appropriation Committee during its deliberations. These officials are invited to comment at the committee hearings and clarify the details of the budget. In the absence of an independent professional source of information, the legislators have no choice but to rely on the information provided by the Budget Department of the Executive arm.

It is pertinent to note the atmosphere at public hearing on the budget, where such are done. There are serious cleavages between the spending ministries and the Ministry of Finance. While the representatives of the latter usually defend their estimates, the officials of the spending Ministries lobby for expenditure increases. Encouraged by the attitude of these line Ministry officials, members of Parliamentary committees tend to advocate further increases in the expenditure figures which leads to a war of attrition among the participants of the budgetary process. The resulting situation is similar to the tragedy of the commons. The lack of coordination in the spending ambitions of ministries as well as the fact that there is no constitutional provision limiting or forbidding annual or cyclical budget deficits, contribute to the repeated deficits in the budgets of the various tiers of government in the country. The lack of Constitutional limitation on the budget deficits is an important element in the game: the “war of attrition” is exacerbated by the fact that it is relatively easy to push the expenditure limit as the budget is in reality neither open ended nor closed ended. At the stage of the Third Reading, the different committees’ works on the bill is collated and presented to the entire house. Members are allowed to raise questions; as to what should or not be in the budget, the amount of money estimated for project or expenditure.

Nwinee (2009) recommended that the Cabinet should deliberate several alternative budgets. Instituting a gradual reform in the budgeting process with ongoing monitoring and evaluation to determine its effects and the degree to which its goals are implemented will not only enhance the authority of the legislature at all levels of government, but will also impose more responsibility on the legislators; when the role of the Legislature changes from the rubber stamp to genuine influence. The preparation of the entire budget at any level of government in the country should be based on outputs. The number of line items should be reduced; both in the

regular and the development budget, and goals and outputs should be defined.

ii. The Constitutional provision that prohibits the Auditor General for the Federation from auditing the accounts of Government Parastatals is another example of irrational legislation. Section 85(3) of the 1999 Constitution, provides that the Auditor General is not allowed to audit the accounts of or appoint auditors for government statutory corporations, commissions, authorities, agencies and other bodies established by an Act of the National Assembly. This was not the case under the 1979 Constitution. Although the Auditor-General cannot directly appoint auditors for statutory corporations, he is expected to provide such corporations with a list of qualified auditors from which the bodies are expected to appoint their external auditors. For example the oil and gas sector is a very strategic sector to our economy because this is where much of our revenue comes from. It is therefore conceivable that 90 percent of the corruption in the country is either happening in or out of the proceeds of that sector. Reports abound in the country where auditors' report submitted by an audit firm to the Nigeria National Petroleum Corporation at the time was later held out by the same firm as not constituting a forensic audit but a forensic "review" contrary to the purpose for which they were hired. Such reports never categorically confirmed the exact amount of funds missing from the federation account thus demonstrating beyond reasonable doubt that it lacked the requisite independence and strength of character needed to audit.

The primary objective of an audit of the financial statements is for the auditor to provide independent assurance that the financial statements have been prepared properly. Public confidence in the financial statements depends, in part, upon the credibility of the opinions and reports issued by the auditor in connection with the

audit of the financial statements. Such credibility depends on beliefs concerning the integrity, objectivity and independence of the auditor and the quality of audit work performed.

In the public sector the statutory scope of an audit can extend beyond the entity's financial statements to include reporting on an entity's arrangements for the proper conduct of its financial affairs, management of its performance or use of its resources. This law has failed to make public officials more accountable for the management of our natural resource revenue. But then the accountability relationship between the official and the citizen holding the official to account is that of the principal-agent model. In the classic agency theory, the major challenge to ensuring that the agent is committed to serving the interest of his principal has remained that of information asymmetry. It denotes the situation where the agent (i.e. the public official) has access to information that the principal does not possess or cannot access. This disequilibrium creates opportunity for arbitrage where the agent uses the advantage of privileged information, as he chooses, for private profit. This has been the case with these agencies of government which this provision of the constitution indirectly shields from independent accountability. In the governance of public resources, the use of public office for private gain is a standard definition for corruption. In management of natural resource revenue, the opportunity for corruption is exacerbated by the complex and opaque nature of the transactions and the size of the rent at the disposal of public officials.

Permit me here to revisit and restate the Robert Klitgaard's corruption equation which is given as: $C = M + D - A$. This implies that C which stands for corruption is as a result of monopoly (M) plus the use discretion (D) without accountability (A). This equation contains the solution to the problem of corruption: we need to introduce competition of operation, democratize access to

information, remove the room for discretion, and strengthen instruments of accountability.

All extant accounting and auditing standards generally agree that Independence is the true cornerstone of the auditing profession. Auditors must be independent –not only in fact but in appearance as well. Independence in fact is demonstrated when the auditor is able to maintain an unbiased attitude throughout the engagement. It is generally accepted that, independence is proved when it clearly manifest that an auditor has not subordinated his judgment to others and his actions/inactions are free from any extraneous influences.

iii. The existence of some special government intervention funds that are not accounted for in the Accountant General's financial statements serves as a major conduit for the siphoning and wastages in the economy. Examples of these accounts are the Natural Resources Development Fund which is 1.68% of Federation Account; the Federal Capital Territory development Fund which is 1% of Federation Account; the Ecological Fund being 1% of Federation Account; the Stabilization Fund which is 0.5% of Federation Account; the Tertiary Education Trust Fund which is 2% tax on the assessable profit of all companies registered in Nigeria; the Port Development Levy being 7% of FOB value of imports; the Sugar Development Levy which is 5% of value of sugar imports; the Rice Development Levy 10% of value of rice import into Nigeria; the Comprehensive Import Supervision Charge which is 1% of FOB value of imports; the ECOWAS Trade Liberalization Scheme (ETLS) which is 0.5% tax on all products imported from non ECOWAS Countries; the Nigeria Export Supervision Scheme (NESS) which is 0.5% FOB of non oil export; the Bilateral Air Service Agreement (BASA) Fund which is all funds accruing as a result of air service agreement entered into by Nigeria; and the Federal Government Signature Bonus Account being fees and

charges collected by Department of Petroleum Resources from companies prospecting for oil in Nigeria before a final mining concession is granted.

These accounts are excluded from the mainstream of the national budget which is a breach of the important norms of transparency and accountability and has bred observed abuses by the operators. There exists also mutual suspicion among the federating units on the operation of these accounts because the Note 2 to Accountant General's financial statement provides only information on the opening and closing balances on each account. The amount spent from or revenue accruing to each account in a particular year cannot be determined as well as the purpose or which State of the Federation or zone of the country benefited from the fund.

iv. The 1999 Constitution of Nigeria as amended and the Fiscal Responsibility Act 2007 give the Federal Government little power over the fiscal activities of States. Sadly the Federal Government is responsible for the macroeconomic consequences of actions of all the tiers of government in the country in terms of inflation, unemployment, debt sustainability and GDP growth. There is obvious fiscal profligacy by many state governments in order to meet popular expectations. This is often very pronounced during electoral cycles and are damaging to macroeconomic stability and growth. The overall allocation to economic sectors and the transparency of public spending in these sub-national governments leaves much to be desired.

In Nwinee (2010) we had observed that the Fiscal Responsibility Act is applicable only to the Federal Government, with exceptions only in the areas of oil based fiscal rule, framework for debt management and public borrowing where the exceptions are equally applicable to the States and Local Government Areas. The provisions in respect of

the Medium-term expenditure framework (MTEF) and Fiscal transparency and accountability are not applicable to the States and Local Governments but we argued that it is in the overall interest of public governance in Nigeria that all sub-national governments or units adopt the features of this Act and incorporate them in their own legislations.

v. Section 39 of the Fiscal Responsibility Act provides that “any violation of the requirements of Sections 36, 37 and 38 shall be an offence” but it did not indicate the penalties for non-compliance. It is this absence of any provisions for penalties for breaches that has promoted the fragrant abuse of the provisions of this Act. As Van Gunsteren (1976) has argued, for any rule to be effective as an instrument of control, it should make sense in terms of “on-going forms of life”. One of the “on-going forms of life” in Nigeria or established custom before the enactment of the Act was lack of effective sanctions for breaches of government financial regulations. The Act therefore failed to address this fundamental established custom which the government should address.

vi. The Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, Chapter F34 (Decree No 17) of 1995 provides for the ownership of domiciliary accounts by individuals, companies and organizations. More specifically, it provides in paragraph 17 for individuals to not only open domiciliary accounts but they are also allowed to buy their foreign exchange as they wish in cash and more amazingly, are by this law not required to disclose their sources of foreign exchange. The implication of the above provisions is that it has not only created and enlarged the demand base of foreign exchange through personal domiciliary account ownership but it has also surreptitiously aided the diversion of scarce foreign exchange meant for economic intervention through its direct sale to dealers and Bureau de Change operators. These diversions of foreign

exchange needed to settle import bills to the feeding of our domiciliary accounts and the black markets are the avenues through which corrupt officials convert stolen public funds which are then subsequently hoarded.

There are some pertinent questions beckoning for answers: Why would the Central Bank of Nigeria sell foreign exchange to the banks and Bureau de Change at an extremely low price and expect Nigerians to buy it at a much higher price from them? Why does the CBN and government allow cash foreign exchange to be traded like a commodity inside Nigeria knowing the associated corruption with such practice or knowing that we do not have the institutional capacity to enforce the rules and regulations of such systems, and that we will never be able to adequately supply it? We consider this practice as clearly a case of bad economics.

It is our considered position in this lecture that this law is a blatant show of irresponsibility in law making. The law is not only porous, reckless and a deliberate attempt to entrench corruption but an incentive and avenue to siphon and launder stolen public funds in hard currency and depress the economy. Recently the media has been awash with stories of unending arrests by the Economic and Financial Crimes Commission (EFCC) and the Department of State Security (DSS) for huge sums of foreign exchange in cash in septic tanks, cemeteries, private homes and even in state government houses. If foreign exchange is meant to facilitate economic transactions, what are they doing in these private homes and government houses?

Our foreign reserve depleted so fast because Nigerians are now storing value in our local banks using foreign currencies to the point that our banks are saturated with foreign exchanges. Stories abound that commercial banks refused foreign exchange deposits by

domiciliary account holders at some point because their vaults were filled. This system exacerbated the depreciation of our currency, dollarization of our economy in the long run, unsustainable intervention, unhealthy speculation, and an indirect funding of the parallel foreign exchange market that is black market. All these have lead to our recession.

Clearly against known economic theory is the astonishing fact that our reserves fell at the same time we were experiencing surplus trade balances in our account. The National Bureau of Statistics data for 2008 and 2015 shows consistent trade surpluses for the country of about ₦61 trillion. Using the Central Bank of Nigeria's Wholesale Dutch Auction System (WDAS) and the Retail Dutch Auction System (RDAS) average exchange rate of \$155 for the period 2008-2015, the ₦61 trillion will give us \$393.5billion worth of surpluses. The question now is where has all the surpluses gone? According to the data from the Central Bank of Nigeria database, in 2008 our reserves stood at about \$64.2billion. In November 2016, it came down to \$23billion. Given this data it is a paradox that regardless of recording consistent trade surpluses our reserves keep falling. The law has led to inefficiency, the hoarding of dollars by both individuals and governments, and the negative impact of foreign exchange speculations by domiciliary accounts holder which has exerted enormous pressure on the Naira.

In Nwinee and Torbira (2013) it was observed that that to perform its trading function optimally, the foreign exchange market must impact the economy appropriately to cause an increase in production. The study set out to investigate the relationship between the demand for and the supply of foreign exchange, and the output level of Gross Domestic Product in Nigeria as well as to examine the pattern and magnitude of GDP response to shocks in the foreign exchange market mechanism. The results of the impulse response

and the variance decomposition of GDP to shocks emanating from foreign exchange demand and supply exhibited a mixture of contraction and expansion over the forecast period and also show that own shocks remain the dominant source of total variations in the forecast error of the variable. The study recommended an improvement in the management of foreign exchange and put in place an efficient foreign exchange policy for Nigeria.

vii. Section 162 (i) of the Constitution of the Federal Republic of Nigeria provides that all Federally-collected revenue goes into the Federation Account to be shared among the three tiers of government under such terms and in such manner as may be prescribed by the National Assembly. With this constitutional provision, all the funds accruing to the Federation account are fully shared once a month among the tiers of government, without any being saved. The implication is that the massive amounts of liquidity injected into the economy on a monthly basis pose serious challenges, not only to fiscal management but also to the Central Bank of Nigeria liquidly management of the economy and wider monetary policy. We have earlier on noted the fact that the sharing formula does not allow for any form of savings and thus in itself have serious implications for reserve management as well.

Despite the significant amounts of liquidity injected into the economy from the Federation account, it seems like a large amount never made it to the people and business entities that would find it most useful. Although, fiscal and monetary policies have remained unprecedentedly expansionary, the response of the various macroeconomic indicators like interest rate, income and inflation have been varied or better still mute and inconsistent with known economic theory.

CONCLUDING REMARKS

We have so far argued in this lecture that the fundamental financial and economic problems in Nigeria are not with our stars neither are they as a result of failure of economic and finance theories in addressing the problems. Rather, there are crucial missing links and the individual personal contribution of all is required to make the required changes. This implies stepping back as a country and engaging in critical self-examination of the issues we have canvassed in this paper. Esau never expressed any repentance for his sinful choices. The Bible says, *“If I hide iniquity in my heart, the Lord will not hear me.”* (Psalm 66:18, 19) Not only did Esau make one bad mistake but for the rest of his life he refused to confess and forsake.

Contrasting between the priorities of Esau and his brother Jacob, we can decipher what should give us a policy direction. It is noteworthy to state here that we are not in any way in this lecture attempting to give credence to the cunning deceit of Jacob. However lessons of his priorities will help shape our polity.

- Jacob realized that feeding self’s desires is not the most important act in life. Those things in life that touch the physical senses tend to take supremacy in our thoughts. So, we stress the “feelings” and the “emotions” but lose the truly valuable things. Esau in order to get what smelled good and tasted good, satisfy his appetite, pushed other considerations out of his mind. Esau failed to exercise self-control over his appetitive desires and also failed to curb the impulse or choose not to be bothered with it. But Jacob, inferior to Esau in many ways though he was, subjected his body and emotions to the purposive dictates of his rational intellect.
- Jacob realized the prestige and benefits attached to the valuable birthright. He understood that such meant an awareness of God.

This spiritual connection would make him more responsible for honouring God.

- Jacob was committed to a purpose and refused to give up. He did not allow difficulties to prevent him from seeking God. His determination is illustrated throughout his history – the working for 14 years for his beloved Rachel, the wrestling with the angel, etc. Jacob was steadfast in his devotion.

It is not that we should simply seek new ways for managing our economy and our world. The point is that we should fundamentally change how we behave (Havel, 1992). What we need is an impassioned, intellectually honest and above all open-ended debate about how each person should conduct his or her life (Forsyth, 1991). The eternal challenge of the development of any economy is to do better. If development means good change, questions arise about what is good and what sorts of change matter. Answers can be personally defined and redefined. The changing words, meanings and concepts of development discourse both reflect and influence what is done. This includes self-critical awareness, thinking through the effects of actions.

The hummingbird and the vulture fly over the airspace but the vulture sees only rotting meat, because that is what it is looking out for and that is what it thrives on for diet. However, the hummingbirds ignore the smelly flesh of dead animals and look for the colourful blossoms of plants. The vultures live on the past and what was and in the process fills itself with what is dead and gone. But hummingbird seeks new life and lives on what is and as such fills itself with freshness and life. Each bird finds what it is looking for.

Everyone talks about economic diversification for Nigeria but as a country we have failed to link our sectoral policies like education to

agriculture, health, industries, etc. The coherence of plans will for instance ensure that our corn and tubers provide the pharmaceutical and textile grade starch to propel local drug manufacturing and value addition in the textile industry. Our tubers cannot continue to be wasted when they can be used as chips to feed animals for meat production. The fruits that are wasted across the land could have been channelled into fruit juice production through a simple process of pasteurisation which is not rocket science grade technology. The hides and skin produced in large quantities in the north of Nigeria have not been converted into shoes, belts, and bags etc. as local products. Change comes with challenges, but also opportunities.

History has it that recessions do not last forever because they come and go. Some recessions are more severe and last longer than others. History further shows that recessions invariably end, and when they do, an economic recovery follows. The opportunity of change should now be seized to chart a new course for the country to achieve its economic ambitions. Nigeria cannot wish its way to economic greatness; it has to work very hard for it.

6. RECOMMENDATIONS

Beyond the often touted mantra of economic diversification for the economy there is a compelling need for the development of a robust and coherent policy that outlines specific and selected elements for such an effort. In consideration and pursuit of that effort we recommend as follows;

- a. Weak public leadership, limited citizens voice and education on governance imperatives, poor access and control of public information and limited resources coupled with widespread corruption, nepotism, impunity, injustices and abuse of human rights has led to poor governance at local and national levels. There is the need for the involvement of citizens in a wide range of policymaking activities, including the determination of

levels of service, budget priorities, and the acceptability of physical construction projects in order to orient government programs toward community needs, build public support, and encourage a sense of cohesiveness within neighbourhoods. There is the need for us to move from being individuals to being citizens. This ensures citizens and their organisations continue as the ultimate watchdogs of democracy and good governance and that citizens influence the systems, institutions, decisions and resources affecting them at both local and national levels.

- b. An aggressively renewed and sustained effort to develop the country's natural endowments in the agriculture and mining sectors to deepen its diversification through value addition so that there will be increases in their exports in processed rather than their raw forms.
- c. The establishment of modular refineries in the coastal Niger Delta State where bunkering is ongoing so that Nigeria could earn more income and create more jobs from its oil and gas sectors.
- d. A fiscal framework for the promotion of diversification need to be developed. The framework should consist of states generating revenue to meet all its recurrent expenditure and direct allocations from the Federal Government and from their investment income into diversification-related capital expenditure. The Federal Government should raise money by selling some of its stakes in joint ventures with international oil companies to pay down its debt, to finance infrastructure, especially power, to allocate funding for the huge environmental clean-up of the Niger Delta, as recommended by the UNEP Report of 2011, and to upgrade scientific research

and development in the tertiary institutions; and the Central Bank to work on lowering interest rate.

- e. Most successful and dynamic economies share certain key attributes, such as high levels of investment in research and development, good educational system, and high number of inventions. Nigeria's ambitions for a highly diversified economy cannot be achieved by high dependence on foreign expertise. It must be driven by its national scientific and technological capacity. Nigeria is not ranked among the top 72 countries in terms of research and development expenditure – that means that it spends less than US\$100 million on research and development per annum. The rankings of Nigerian universities, the citadels of training and research, remain abysmal. No Nigerian university is currently ranked among the top 1700 in the world and none is among the top 10 in Africa. This is why more resources should be allocated to the tertiary institutions.
- f. Public policy must endeavour to reverse the significant resource outflows and loss of job opportunities associated with the growing demand by Nigerians for health care, education, and tourism abroad. The high demand for the first of these two services abroad is the result mainly of their significant deterioration in Nigeria. Investing in health care and education holds the key to reversing that trend.
- g. The National Assembly should come up with legislation to compel successive government to continue with programmes and projects initiated by their predecessors. This will not only save our resources but will also enable the government to ensure optimum use of scarce resources for other new projects.

The policy of always starting afresh cannot lead the country to the Promised Land.

- h. Notwithstanding the grim macroeconomic conditions, it is important for the federal and state governments to muster the political will to set aside portions of their revenues into savings. Apart from being stakeholders of the NSIA, the States can also set up independent savings schemes. State legislators need to pass laws that mandate the state governments to save a portion of their monthly allocations or revenues for the rainy day.
- i. To solve Nigeria's economic recession starts with repealing those laws, going cashless with foreign exchange, and closing all domiciliary accounts in the country. After repealing these laws, the apex bank can and should start using Naira accounts to make international transactions so Nigerians would have no need for a domiciliary account in the first place. In other words, all international payments must go through it. This is the most efficient and responsible way forward. There will be no need to inject all those billions of dollars it has been injecting into the economy to stabilize the Naira. The Central Bank of Nigeria can use this foreign exchange to settle bills on the international front from Naira transactions by Nigerians. In other words, Nigerians should be able to walk into commercial banks and conduct international transactions using their Naira accounts. The black market only thrives with cash foreign exchange, therefore going cashless with foreign exchange will not only render the parallel market redundant, it will reduce all the inefficient bureaucracy associated with making transaction in foreign currency, it will take speculators out of business, and block the avenues in commercial banks through which stolen funds are laundered out of the country.

- j. A change in our electoral laws and campaign contributions is desirable such that each party accounts for its source of funds before the election and tell us how those funds were spent. Where corporate bodies and individuals had made substantial donations we should know, the amount recorded and tax duty paid on such donations.
- k. We must reduce the cost of running political parties, the cost of conducting elections by INEC and contesting for office by the political parties; we must train and groom a leadership and knowledgeable cadre, we must make political office a lot less attractive financially, we must encourage participation and accountability and transparency at all levels of political life.
- l. A functional and professional economic management team is needed and it should be required to publish an annual report, every June, which assesses progress in the country's diversification efforts. The report should indicate whether Nigeria achieved its desired economic growth rate and give reasons for any deviation from the growth target. This will be analogous to the practice in some countries where their Central Banks publish a letter to explain deviation from target inflation rate and details progress in investment in scientific research and development.

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PROFESSOR BARISUA FORTUNE NWINEE

*{B.Sc. (RSUST), MBA, MSc., PhD (UNIPORT),
Ffian, FNISM, FIIMN, FPPA, ACAI}*

Barisua Fortune Nwinee was born to Hon. Gabriel Nathaniel Nwinee and Late Mrs. Comfort Egerenie Nwinee of Kwawa town in Keh-Khana district of Khana Local Government area of Rivers State on this day 27th of July 1965. Professor Barisua Fortune Nwinee exhibited love for the academia early in life when he made a Distinction in the First School Leaving Certificate examinations in 1976 from the St. Paul's State School, Ahoada. He proceeded to the Government Secondary School, Creek Road, Port Harcourt, now G.S.S. Borokiri, Port Harcourt where he obtained a Grade 1 in the West African School Certificate examination. He later earned a

Bachelor of Science degree in Accountancy from Nigeria's pioneer university of science and technology, the Rivers State University of Science and Technology, Port Harcourt in 1986. He went on to earn the MBA (Finance), MSc (Money and Banking) and PhD in Financial Economics degrees in 1991, 1998 and 2003 respectively from the University of Port Harcourt all with Distinction. He is a well honed, home grown academic with global focus.

His work experience of over three decades spans the manufacturing sector, the construction industry, the public service, the banking and financial services sector as well as the academia. He was employed into the services of the University of Port Harcourt as an Assistant Lecturer in February 1995 and rose through the ranks to be a Professor of Finance and Banking in December 2013. Professor Nwinee teaches and has mentored several students in both undergraduate and graduate programmes within and outside the University of Port Harcourt. He has served as external examiner and professorial assessor to several universities in Nigeria. He has supervised several doctoral students in the university as well as in the Gambia, the United Kingdom and the United States of America. One of his students over the years is now a Professor in one of the first generation universities in Nigeria. His interest is in the areas of International Finance, Public Finance, Insurance, Banking Theory and Management, Corporate Finance and Capital markets with a primary focus on the interaction between corporate financing decisions and inefficiency in financial markets.

Vice Chancellor Sir, Prof. Nwinee has made numerous presentations to both local and international academic and practitioner audiences and published over 50 articles in impact factor journals. He has authored five referred books in Nigerian universities and presently serving on the Editorial board of several academic journals, locally and internationally. He is a member of the Chartered Institute of

Bankers of Nigeria, Institute of Chartered Accountants of Nigeria, Academy of Management of Nigeria and a Fellow of several professional academic bodies like the Institute of Financial and Investment Analyst of Nigeria, the Institute of Sales Management of Nigeria, the Institute of Independent Marketing Management of Nigeria and the Institute of Public Policy Analysis. He is an Associate member of the Institute of Corporate Administration of Nigeria.

At various times, Professor Nwinee served the Federal Government of Nigeria as the Chairman, Family Economic Advancement Programme, Rivers State; Special Adviser (Economic and Budget Matters) to the President, Senate of the Federal Republic of Nigeria, Member, Technical Committee, Policy Analysis and Research Project (PARP) in the National Assembly, Abuja and as the Senior Technical Adviser to the Minister of State for Finance. He actively participated in the policy formulation of the various on-going reforms of the financial sector of the Nigerian economy, especially the Capital markets and the Insurance Industry.

Mr Vice Chancellor Sir, this scholar of extraordinary insight has served and is still serving this university in several capacities including Coordinator, Time Table Committee of the Faculty of Management Sciences from 1996-1998, Coordinator, Diploma Programmes, Faculty of Management Sciences from 1998-2000, Member, Disciplinary Committee, Faculty of Management Sciences from 2000-2003, Pioneer Member, Degree Results Verification Committee, 2003-2005, Assistant Hall Warden, Nelson Mandela Hall Block C, 2005- 2007, Member, University of Port Harcourt Books and Journal Committee since 2011, Coordinator, ACIB/B.Sc. Linkage Programme 2012 – 2013, Member, Audit committee for the World Bank ACE: CEFOR project in IPS, Uniport 2014 to date; Member, Audit committee on earned allowances 2014, Member,

Representing Senate on Staff Housing Loan Scheme Committee from 2013 -2015, Member of the Senate of the University since 2013, Acting Head of Department, Department of Finance and Banking, 2013 to 2015, Member, representing Senate on the Selection Board for the appointment of Registrar in 2015, Member, 31st Convocation Committee, University of Port Harcourt, Member, Representing Senate on the Joint Council and Senate Panel on allegations against the 8th Vice Chancellor in 2016; Member, Local Affiliations and University-wide Local Accreditation Committee from 2016 to date and currently member of the Senate visitation panel to the Faculty of Engineering. Since 25th October 2016 Professor B. F. Nwinee has been serving as the Dean of the “rebranded” Faculty of Management Sciences, University of Port Harcourt.

This dedicated volunteer and philanthropist, has generously given his time, expertise, and financial resources to make a difference in the lives of individuals and the quality of life in several areas. He was the President, Association of Accountancy Students, RSUST, Port Harcourt from 1985 -1986. For his dedication to duty he was voted the most Resourceful Lecturer by National Association of Banking and Finance Students, UNIPORT Chapter 1997 and 1998. He was Vice Chairman, Academic Staff Union of Universities (ASUU), UNIPORT branch, Member, Budget Monitoring Committee of Academic Staff Union of Universities, UNIPORT Branch since 2015; Chairman, 2015 Electoral Committee of ASUU, UNIPORT. As a community leader he has been a member of the Kwawa Council of Chiefs in Khana LGA, Rivers State since 2013. He has been an Ambassador for Peace of the United Nations Peace Federation since 2012 and as a strong advocate for peaceful coexistence the River State Government honoured him as a Justice of the Peace (JP) in 2016. Professor B.F. Nwinee is happily married

to his age long friend, soul mate, personal advocate and intercessor Barrister (Mrs) Wuga Jessica Nwinee and they are richly blessed.

Mr Vice Chancellor Sir, distinguished ladies and gentlemen, our inaugural lecturer will tell us why when your neighbour loses his job, and it is called an economic slowdown. When you lose your job, it is a recession but when an economist loses his job, it becomes a depression. I present to this august assembly, a political technocrat and strategist, an accountant, a banker, a financial economist and analyst, a former Vice Chairman, ASUU Uniport, a former Head, Department of Finance and Banking, the Dean, Faculty of Management Sciences, Professor Barisua Fortune Nwinee, the 140th inaugural lecturer of the University of Port Harcourt.

Professor Okechuku Onuchuku
Orator