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THE EFFECTS OF ECONOMIC RECESSION ON EDUCATION IN NIGERIA

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Abstract

This paper examines the effects of economic recession on education especially in developing countries such as Nigeria. The paper x-rays the causes of recession to include: war, high banking interest rate poor fiscal powers, rising in oil price and bursting of housing. It goes further to look at some of the effects of economic recession to include: unemployment, lower wage, high taxation, budget deficit, rising bond yields and untold hardship on the people. The paper concludes by making recommendations such as funding of the education sector should be increased by encouraging the government to always enact long lasting policies and stand firm in staging war against corruption.

Keywords

Corruption, Economic Recession, Hardship, Inflation, Unemployment

1. Introduction

It is the dream of every country whether developed or underdeveloped to experience even development in the standard of living of its citizenry. This development encapsulates all facets of human endeavours. However, the development hubs around the economy sector of

such country.

Moreover, the truth cannot be far-fetched as in the sectors being it the health, agricultural, technology, education, social, amongst others, depend highly on the economy sector for their survival. This is to say, when the economic sector fails, all other sectors follow suit. So, economic recession must be frowned at.

As a result, both institutions and employees experience hardship during this period of economic compress as they experience high inflation rate due to the devaluation of the nation's currency, loss of job, exorbitant taxation and negligence on education on the site of the government where meager percentage is allocated to education in yearly budgets. The education system is part of the general macro-economy hence whatever happens in the system will definitely have an effect on the schools. The education system cannot compromise standards and quality on the account of poor funding. Most institutions in Nigeria are confronting economic constraints and this slows down the speed of achieving the institutions' activities. Since the funding of education is solely external at most levels (public or government schools) are mostly affected with the economic hardship. Devanshi (2016).

2. What is Economic Recession?

There is no certified definition of recession, but there is general understanding that the term refers to a period of decline in economic activity. Very short periods of decline are not considered recessions.

The NBER defines a recession more broadly as '*a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP growth, real personal income, employment, industrial production, and wholesale-retail sales. A recession begins when the economy reaches a peak of activity and ends when the economy reaches its trough.*' (IMF 2009).

From the above definition, Emmauel (2016), judges that, "*Nigeria is experiencing economic recession currently, since her first and second quarters growth in 2016 are -0.36% and -1.5%*". Benjamin (2017), also sees recession as a phase of economic cycle which occurs after two consecutive quarters of negative growth. This exhibits low output and investment, abnormal increases in unemployment due to massive retrenchment, falls in the availability of

credit facilities, fluctuation in exchange market (instability in exchange rate), illiquidity and downsizing and dismiss as well as reduced amount of trade and commerce. From the above, economic recession can simply mean *economic condense*.

3. Causes of Economic Recession

Chad B, in business news daily of November 29th, 2012 gives the following as the causes of economic recession; war, high interest rates, poor fiscal powers, rising in oil prices and bursting of housing. Thus:

- a. War: in a country like Nigeria, the religious war (Boko Haram insurgency), tribal wars, Niger Delta restiveness, kidnapping, are some of the related issues to war that affect the country's economic growth in Nigeria.
- b. High interest rates: most banks in Nigeria charge exorbitant interest rates of double digits (26-27%), this discourages investment in the country especially the foreign investors. The Central Bank of Nigeria (CBN) is doing little or nothing to salvage the situation.
- c. Poor fiscal powers: unending poor implementation of set programmes that have to do with economic development, and even when steps are taken, corruption takes the day at the detriment of the less privilege where perpetrators go scot free.
- d. Rising in oil price: though this is global issue, but the Nigerian government has failed to save for the rainy days. This has also post a problem to the economy.
- e. Bursting of housing: only a few Nigerians can burst of where to put their heads and even if there is any, majority live in overcrowded apartments besides dilapidated structures with very poor social amenities.

National Bureau of Economy Research (NBER) gives inflation as the main cause of recession. Inflation refers to general rise in the prices of goods and services over a period of time. This can be said to lead to recession.

Unemployment rate rises because companies lay off workers to cut costs. When combined with inflation according to NBER, leads to economy recession.

4. Effects of Economic Recession

Telvan (2012: p, 1-4) gives the following as the effects of economic recession:

- i. Unemployment: A fall in GDP will cause a rise in unemployment. Some firms will go bankrupt. Meaning most workers will lose their jobs.
- ii. Lower wages: firms will also try to reduce costs by keeping wages low. Many workers will see substantial fall in effective income.
- iii. Government spending: Rising government's spending on welfare payments, such as unemployment benefits and income support.
- iv. Budget deficit: because of falling in tax revenue and rising welfare payments (automatic fiscal stabilizer) a recession tends to cause an increase in the budget deficit and total government debt.
- v. Taxation; government will see a fall in tax revenue as a result of a recession since most companies will fold up and most workers will be dismissed.
- vi. Rising bond yield: usually, during recession, government bond yields will fall.

And also, Enejeta (2016) gives the following as the effects of economic recession on common man:

- i. Job loss: this affects the stability of families and individuals, with unemployment rates running extremely high during a recession period, family and individuals will always struggle to find jobs no matter how menial to pay bills.
- ii. Lifestyles change; reduced incomes leads to reduce entertainment, dining and extracurricular activities. At this period, most people will always go for cheaper substitutes from expensive to less expensive ways of living.
- iii. Credit and debts: many strive hard to get off debt thereby collecting loans and credits to offset bills, for instance, leading to bankruptcy.

Looking at the two authors assertive on the effects of economic recession, one can boldly say that the effects of recession leads to unemployment, debt, budget deficit, low taxation, lower wages, and reduced lifestyles, fall in government bond yield, increase in government spending. In all these, its effects on education cannot be ignored.

5. Effects of Economic Recession on Education in Nigeria

It is unfortunate that the educational system in Nigeria is not left out of the heat of the

economic recession especially when government owned institutions are shielded under the guise of TSA (treasury single account), which leads to shortfalls in the payments of teachers/lecturers salaries, non payment of annual increment and accumulated promotion arrears for many years, poor infrastructure, among other factors would definitely cause a lot of harm to the sector.

For this reason, majority of parents and stakeholders are afraid of poor quality delivery services in this sector as majority of them cannot afford their children's school fees. Most especially those parents whose wards attend private schools are left with no option than to withdraw them to public schools. But are the public schools safe or better?

Shafiq (2010: p, 4) opines that; *“research on school quality in developing countries is challenging because formal data collection initiatives on schools are typically infrequent.”* This is a fact about Nigeria because millions of children roam the streets during school hours and both government and parents give little attention because they can't cater for the academic needs of these innocent children.

UNESCO (2009; p 1-7) gives the following as some of the effects;

- 1.** Education financing: prior to the financial crisis or economic recession has really affected the educational sector. This is because, money gotten from the economy is supposed to be channelled to the development of the education, but owing to economic recession, the money needed in the educational sector is diverted to other sectors.
- 2.** Employment trends in the educational sector; number of teachers reduces due to economic recession.
- 3.** Changes in migration and mobility pattern: teacher migration has become an increasing feature of cross-border flows of highly skilled professional workers during economic recession. This will definitely lead to brain drain; it is very glaring today in Nigeria where teachers migrate to neighbouring countries for better offered jobs.
- 4.** Changes in other benefits (pension, health, other social protection concerns have been expressed that social security programmes including the sustainability of education sector pension funds, would be negatively affected by economic recession

5. Others may include: corruption, over dependency on oil, laziness, poor implementation of agricultural programmes, poor leadership, just to mention a few, are some of the lingering factors.

Furthermore, it is pertinent to note that economic crisis has drastically affected the education sector. Parents/guardian and teachers have their purchasing power dropped and as a result, it has affected the purchase of books and educational materials and the exodus of learners from more expensive schools to less expensive ones since parents can no longer afford it. There is also the reduction in recruitment of teachers and other personnel needed for effective education curriculum delivery and massive retrenchment in schools especially private ones where parents cannot afford payment. Poor learning environment as it is not conducive due schools underfunding. Undoubtedly, lack of funds stands out as the number one problem in teaching and learning. In view of this, most institutions are left with no option rather than to source for funds to maximize whatever has been given.

Nonetheless, due to global economic crisis, the high prices of teaching equipment and materials make them out of reach to most institutions in view of the high rate of foreign exchange brought about by the unfavorable economic situations. It is also evident that the government also suffers from the same crisis as they find it difficult to release grant, payment of workers (teachers) allowances, purchase of books, subscription for journals needed for effective education curriculum delivery, staff training through workshops, conferences and seminar as well as the rate of renovation of dilapidated buildings. . The rate of unemployment in Nigeria is upsetting, the pace of scientific and technological advancement is slowed down, the improvement and solution on environmental problems for the use and convenience of man becomes elusive. All these point to the economic crisis in the nation which needs to be tackled. Bamigboye, Ede, & Adeyemi (2016)

6. Conclusion

As education is said to be the bedrock of every society, its growth and expansion solely depends on the economy growth of the society. So, Nigeria should not be an exemption and whenever there is problem in the economy sector, the education sector is not left behind. It suffers greatly.

Recommendation

Looking at the adverse effects and causes of economy recession on all sectors especially education, the writer thereby recommends the following:

1. Long lasting policy should be made. This is because recession is known to last just within two successive quarters. So when there is long lasting policy on education, no matter the recession, its impact would not be felt in the education sector.
2. Political stability; government is known to be an institution, so, when there is political instability, it affects the economy. Of course, the education sector would not be left out. So political stability matters.
3. Funding of the education sector should be increased. No matter the problem, the educational system should be well-funded to avoid unforeseen circumstances like economic recession.
4. Corruption should be checked, hard work and good leadership should be encouraged these would create room for faster development.

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