The Effect of American’s Smart Power Approach and Nigeria Economic Recession, Issues and Prospects

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Abstract
America smart power approach and Nigeria economic recession discourses the effect of smart power on Nigeria economic recession. Nigeria and America had enjoyed all manner of relationship ranges from commercial, political and cultural values. This relationship between them reached a certain climax in 2010, but later decrease in the last four years. The decline in trade relations were because Nigeria refuse signatory to gay marriage proposed by America government. Thus, America adopted smart power approach to compel Nigeria signatory to gay marriage, proposal. The paper examines the effect of smart power on Nigeria economic recession. Data for this paper were drawn from secondary source mainly from the library and Nigeria dailies. Historical analysis were also analyze via content analysis. The paper finds that Nigeria over dependant of single commodity, increases weight of economic recession that create inflation, unemployment, high cost of living and reduction in taxation. Thus, the paper recommends that Nigeria government should imbibe on diversification of economic policy from producer of raw material to producer of finished goods to attract various trade relations; this is set out to weaken the America economic dominance in international politics.

Key words: Smart power; Economic recession; Soft and hard power

INTRODUCTION
Power in international politics is like the weather. Everyone talks about it, but few understand it. Just as farmers and meteorologists try to forecast storms, so do leaders and analysts try to understand the dynamics of major changes in the distribution of power among nations. Power transitions affect the fortunes of individual nations and are often associated with the recent storms of economic recession in the most African countries.

Nigeria had its first link with the rest of the world in 1885, exactly the year, which African countries establishes a link with the rest of the world; it is almost same time African and former colonial masters had officially linked with international economic relations with the rest of the world.

Nigeria and America had enjoyed all manner of relationship ranges from commercial, political and cultural values. The exchange between America and Nigeria in 2010 has increase, but later decrease in the last four years. Exactly the period Nigeria decline signatory to gay marriage proposal by former America president.

Power in the international system is the ability of an actor or actors to influence the behaviour of other actors. There are two general components of power; hard and soft power. Hard power refers to the influence that out comes from direct military and economic means. This in contrast to soft power, which refers to power that originates with the more indirect means of diplomacy, culture and history. Hard power describes an actor’s ability to induce other actors to perform or stop performing an action. This approach adopts utilized military power through threats or force. More so, it as well, achieves using economic power that relying on assistance, bribes, and economic sanctions. Soft power is a term used to describe the ability of an actor to indirectly influence the behaviour of other actors through cultural ideological means.

The nature of power display by America in her diplomatic relations to most third world countries is what
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Nye, represents in his book smart power strategy, where he suggests that the most effective strategies in America foreign policy today require a mix of hard and soft power resources. Where she employs either hard or soft power approach in a given situation which is usually prove inadequate.

The origin of the term smart power is under debate and has been attributed to both Nossel and Nye. Nossel, was credited for coining the term Smart Power, in 2004. In her paper, she defines the term smart power as the combination of hard power and soft power strategies. A successful smart power narrative approach in twenty-first century is preoccupied with combination of soft and hard power into successful strategies in the new context of power diffusion. However, Nye write that the concept smart power is a strategy that denotes the ability to combine hard and soft power approach to affect change in a given situation. Thus, USA takes advantage to inflict economic recession on Nigeria. This was made easy through smart power strategy approach to laid sanction on Nigeria. This took dimension of reducing the supply of crude oil from Nigeria. The long term effect of this strategy led to the reduction of Nigeria revenue base (crude oil price). This is the major source of revenue to the most populous black countries in Africa.

The short fall in the price of crude oil affect Nigeria economic activities, whose consequence led to economic recession in the country. This was a deliberate strategy apply by America to destabilize African economy seeing Nigeria as a key player of Africa economy. The sharp fall of government revenue (crude oil) in the year 2014, due to global oil market fluctuation caused by America has affected Nigeria revenue base. The 50% reduction of Nigeria revenue base has drastic effect on Nigeria economy (Noko, 2017). This is reduces volume of dollar flow in Nigeria, the major means of transaction in the globe economy.

The data for this paper were draw from secondary sources mainly, the library. Historical analysis were also analyze via content analysis. It is believed that this source of data improve the understanding of America smart power approach on Nigeria economic recession, in order to ensure a comprehensive analysis on effect America smart power on Nigeria structural development.

The paper rely on this general objective the impact of America smart power approach on Nigeria economic recession, however it is set out examine the effect on structural development in Nigeria. Against this background, the paper set out to examine the effect America smart power approach on Nigeria economic recession.

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**ECONCEPTUAL REVIEW**

This part of the paper is dealing with the review of concepts, namely: economic recession and Smart Power

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**Economic Recession**

The word economic recession has become a household name in Nigeria since June, 2016. Ever since the Central Bank of Nigeria (CBN) and minister of finance admitted that Nigeria is experiencing economic recession on 3rd of June, 2016, it has become the major concern of all Nigerians (Noko, 2016). Economic recession according to National Bureau of Economic Research (NBER) (2015) is “a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in a real gross domestic product (GDP), real income, employment, industrial production and wholesale-retail sales.” Economic Recessions generally occur when there is a widespread drop in spending. This may be triggered by various events, such as a financial crisis, an external trade shock, an adverse supply shock or the bursting of an economic bubble (Wikipedia, 2011).

Economic recession is a negative Gross Domestic Product growth rate lasting for more than two consecutive quarters (Noko, 2016). He acknowledged that there’s a drop in economic activities within the country, reading the five economic indicators, namely: real GDP, income, employment, manufacturing, and retail sales. Noko, (2016) argued that recession cannot only be determined by negative real GDP growth rate since a recession can quietly begin before the quarterly Real GDP is out.

Udeh (2011) sees recession from the angle of persistent inflation when he noted that, recession is a generalized increase in the level of price sustained over a long period in an economy, that is, a persistent rise in the price levels of commodities and services, leading to a fall in the currency’s purchasing power. In the context of Nigeria, Recession has been attributed to many factors, Noko, (2016) argued that Nigeria current recession is caused by poor economic policy, fall in oil output due to activities of the Niger - Delta militants and subsequent fall in oil price, others include over dependence on oil export, inflation due to ban on some basic foods like rise, and infrastructural decay in the country and trade sanction on Nigeria crude oil supply to America. On the contrary, Noko failed to acknowledged America and Nigeria trade relations whose played the major factors that trigger economic recession in Nigeria because none patronage of America over buying of crude oil.

It is worthy of note that during the period of economic recessions inflation worsen, high rate of unemployment and lots of people were released of their job. This is because most private employer of labour (companies) tries to minimize their expenses, naira exchange rate worsen, government and the households curtails their expenses due to low purchasing power, fall in aggregate demand, reduction in social well-being of the general masses. Nwuzor (2016) noted that during the period of economic recession, economic hardship knows no limits and boundaries, it affects livelihood of everybody in one-way or the other, and this naturally gives impetus...
to survival strategies as people work harder and more effective to tackle the new economic situation. Families with little or no investment to resist the effect of recession are most likely to be hit severely but there are ways this unfortunate condition could be managed. The era accompanied with poor government treasury and income that leads to unemployment, poor health care delivery, and inadequate social amenities that reduce general well-being of the citizens (Noko, 2016).

Because during economic recession there is slow in economics activities, poor circular flow of money resulting to low earnings by the households. This ultimately reduce their social and economic well-being especially the low income households and as such often led the low income households to starts looking for alternatives sources of income to support their families towards improving their well-being (Nwuzor, 2016).

Low income households is generally referred as those families whose annual income is not sufficient enough to provide the basic family needs of clothing, shelters, health care and food. The Nigerian National Housing Policy (2014) sees low-income group as all employees and self-employed persons whose annual income is N216, 000 and below. It should be noted that the minimum wage in Nigeria is pegged at N18, 000 monthly making the sum of N216, 000 annually. Unfortunately, over 70% of Nigeria population falls within this category of earnings. In order words over 70% of Nigerians falls below the poverty line of $1.5 per day as recommended by the United Nation.

Arguably, the low income households feel the major impacts of economic recession. One of the most damaging impacts of recession is unemployment, rise in the price of all commodities and financial insecurity. The high inflation rate, unemployment rate, and slow in economics activities often leads to economic instability in the country leading to general reduction in the well-being of the low income households especially in Nigeria.

The Concept of Smart Power

In international relations, the term smart power refers to the combination of hard power and soft power strategies. It is defined by the Center for Strategic and International Studies as “an approach that underscores the necessity of a strong military, but also invests heavily in alliances, partnerships, and institutions of all levels to expand one’s influence and establish legitimacy of one’s action. Noko sees concept of smart power as imperative tools that aid private sector engagement to military intervention in insecurities related issues. Nye, however, claims that smart power is a term he introduced in 2003 to counter the misperception that soft power alone can produce effective foreign policy (Fernando, 2012:33-51). Nye notes that smart power strategy denotes the ability to combine hard and soft power through effective strategies in variable contexts.

This division of hard power and soft power has penetrated deeply into the scope of the study of international relations (Schmidt, 2006). Although with serious criticism of the concept of soft power, so many scholars of these topics have incorporated them as an element of behaviour analysis of the States.

The Effect Smart Power Approach on Nigeria economic

The term smart power has been attributed to both Nossel and Nye. In Nossel article, she advocated for soft power, which produces diplomacy, that aid private sector engagement to military intervention in insecurities related issues. Nye, however, claims that smart power is a term he introduced in 2003 to counter the misperception that soft power alone can produce effective foreign policy (Fernando, 2012:33-51). Nye notes that smart power strategy denotes the ability to combine hard and soft power depending on whether hard or soft power would be more effective in a given situation.

For instance, the concept of smart power has much earlier roots in the history of the United States and is a popular notion in international relations today. In 1901, President Roosevelt proclaims, Speak softly and carry a big stick. So, by 1948 other super power initiates major peacetime through soft power programs under the authority of the Smith-Mundt Act, including broadcasting, exchange and information worldwide to combat the outreach of South America conflicts and the Soviet Union crisis, had taken another dimension by end of 1991, after the collapse of the Berlin Wall using smart power approach (Nye, 2004). In a similar view, these were
also adopted of later in Nigeria to truncate her economic sustainability.

To understand that not only the economic or military aspects (hard power) are essential in the global presence, but also many components of soft power, such as migration, tourism, culture, science, and developmental aid the fundamental element of soft power.

These prefaces explain the purpose of America smart power approach towards Nigeria. Against this background America foreign policy relation with Nigeria is purely soft power approach. Relating to what Nye (2004) identified in the concepts of smart power; this idea represents a high degree of economic complexity, in form of permanent economic sanction, like in the sorry case of Nigeria in the low patronage of crude oil.

Reading the following instances, prior to the impact of the meltdown in Nigeria, the banking sector was swimming in a pond of false confidence in the financial policies. There was a crash in the stock market, the prices of Oil sky rocketed and left many financial homes depressed with the fear of an impending crunch. The crash affected the economy. It reduced the ability of the economy to fight off the underlying sicknesses of unevenly distributed wealth, agricultural depression, and banking problems (Clemente, 2017). With the crash, it was apparent that the Nigerian economy faces the crippling effects of global economic crises resulting to breakdown and decline in economic vigor. Opeyemi, (2008) observes that there are cases of unemployment, retrenchments, downsizing and layoffs, which served as indications to a troubled economy. According to her “What is worse is that individuals have nowhere to turn to…” except indulging in misconduct and societal condemned activities such as militancy, armed robbery, advanced fee fraud, ritual practices for fetish money among other things and our leaders sit almost helpless. In her words, “there have become a wide spread of distrust in the competency of the financial sector as the question of fund availability in banks pervades the minds of right thinking Nigerians.”

There is a season of job losses in Nigerian economy is playing host to the visit of the economic recession. For instance, the manufacturing sector in the country is already affected by massive decline in capacity utilization resulting from high exchange rate of the Naira and congestion at the ports. The crisis has compounded the challenges faced by the manufacturing sector. In 2016, the Banking sector, the only surviving employer of labour, lay off hundreds of its workers and put some others on half remuneration, which seemed to be the worst hit; massive sacks have been carried out and it is still ongoing. Recently, the Nigerian auto assembly company, Peugeot Automobile Nigeria (PAN), sacked 565 workers of its 753 workforce and placed the remaining staff on half salary (Olori, 2016).

The International Labour Organization (ILO) recently revealed that as many workers were fired in 2009 globally, while more jobs are at risk. This implies that the economic recession is already resulting in a dramatic increase in the number of people joining the labour market and swelling the rank of the unemployed, creating a “labour market epidemic (Adeogun, 2009).” Downsizing was also a result of the recession. There have been layoffs, downsizing, and retrenchments. Again there has been decrease in oil revenue. Dwindling revenue affects budgetary performance and allocations to sub sectors because of the country’s monoculture economy and this invariably leads to possible delays in the discharge of government’s responsibilities in recurrent expenditures (Omoh, 2014).

Next is the effect of high indebtedness to internal contractors. Pension payment might become a huge source of worry because of the dwindling finances to meet up with the financial obligations of recurrent expenditure. There is also increased restiveness on the part of the labour unions. And sometimes increase in industrial actions.

DISCUSSION OF KEY FINDINGS

Jobs and Employment: During the period of economic recession there is high job losses and insecurity. According to Fendlin (2013) job loss affects the stability of low income households and individuals during recession. Our status, self-worth, health, and well-being is drastically impacted by the loss of a job. While many who lose their jobs use the time for growth and exploration, many suffer with depression, alcoholism, and denial.

Noko (2016) argued that the inability to find work can be frustrating, terrifying, and depressing, and can lead to even more problems. In response to this Fredline (2013) argued that the families instead of waiting for the perfect job should consider taking up part-time job, taking low paid job like teaching, engaging in petty trading and also engage in factory work pending when they get a better paid job. Adegbite (2016) argued that during recession government should increase investment in creating more jobs; salaries should be increased to take care of inflation.

In similar reaction, Noko (2016) noted that government should increase investment is skill acquisition for the youth to become employers of labour rather than being job seekers, the youth should be trained in agriculture and manufacturing industries. Solving the problem of unemployment will go a long way in reducing the effect of recession on the low income household.

One way the issue of unemployment can be solved in Nigeria is training and re-training of the youth in the acquisition of skills. Today, there are many unemployed graduates in the country. This is partly as a result of our long system of education that is more of grammar and not much practical learning. It is evident that the
highest number of unemployed is found in the African Continent. The truth remains that the major causes of the unemployment among these vibrant youths is lack of skill to back up what they learnt from their institutions of learning. When these graduates were still in school, they did not border to learn at least one single skill, maybe that which is related to graphic designing, typing, hair dressing, electrical maintenance and others (EDC, 2015 cited in Noko, 2016).

**High cost of Living:** During the period of economic recession cost of living rises largely due to high inflation, low purchasing power, high unemployment and fall in aggregate demand. Earlier analysis revealed that basic food stuff price rose by 275% within 2015-2016 making so many goods unaffordable for the low income households. Palmer (2008) noted that during recession people adjust their life style in the area of spending going for lesser quantity, inferior quality, higher rationalization and economizing.

A survey by LBS (2016) revealed that the low income families started by cheap meat, less of fast food, women visit up to five shops before they can order for a product, and some family no longer eat three times a day.

In addressing this, Noko (2016) suggested that government should regulate the price of basic goods in the market like Rice, tomatoes, palm oil, garri, among others through consumer protection agency to curtail the rise of inflation in the country. He equally argued that the minimum wages should be increased from N18, 000 to N25, 000 monthly.

**Reduction in Taxation:** much low-income household face a heavy state and local tax burden. In 2016 most state government increase personal income tax rate, issues of multiple taxation was rampant. Noko (2016) suggested that government should reduce personal income tax especially on low income earners in the civil service and taxes on micro and small enterprises in Nigeria by at least 10%. Akande (2015) suggested that three basic features of a standard income tax structure to reduce or eliminate the income tax burden on low-income families.

Increasing personal and dependent tax exemptions has reduce the amount the low income families pay as tax; reduction in income tax rate for all tax payers, Reduction of the incidence of multiple taxation which is rampant in Ebonyi state currently. This led Anambra state governor to recently declared tax relief intervention for wheelbarrow pushers, hawkers permit and other low income earners (Ahiuma, 2016).

**Free Internal Transportation:** In recession family income is low and therefore government should provide free or subsidized transportation within the state to the low income families in the state. The incumbent governor of Ebonyi state, Lagos state, Enugu state are good example in this area, who have provided internal subsidized transportation bus for the masses. Commercial transportation fees should be regulated to curtail the deterioration of inflation in Nigeria (Nwuzo, 2016).

**Increase the Minimum Wage:** The minimum wage policy should be adjusted regularly to fight poverty among the low income household (Sharon, 1998). While Noko (2016) categorically stated minimum wage should be at least increased from N18, 000 to N25, 000 to help the low income families during the period of economic recession. The image above indicate the social indices of Nigerians, government should invest more on the well-being of the masses. Well, the government programme on Npower and N5000 stipends paid to most vulnerable Nigerians is a welcomed development but more needs to be done to curb the ravaging effect of recession in the low income households.

**Re-orientation of the Family:** During economic hardship most families’ relationship grows sore, sometimes leading to divorce. According to Adegbite (2016) the effect of no source of income to meet basic family needs and obligation may cause frictions among families, which may lead to long lasting damaged family relationships. He argued that this particular incidence can be reduced by the families jointly pooling their resources together to meet their basic needs while cutting down their expenses in the face of the new economic realities. Uwade (2009) argued that government and the clergy men should re-orient the families on the needs to stay together during recession as it is a temporal situation in the country.

**Increase in Unemployment benefit and Social incentives to the Poor:** The government and NGO’s are advised to increase expenditure on social incentives like paying the poor some cash stipends, unemployment benefits or insurance. This will help in putting food on the table of the poor in the society.

**Housing Loans:** During recession most low income families are unable to meet with their house rents, government should therefore build accommodation with subsidized price to assist these families, loan can be given to them to pay their house rents. Loan programmes to assist both upgrading and incremental housing development may be provided to enable low income families to obtain capital and therefore optimize their asset management strategies (Nworo, 2017).

**Infrastructure Development:** In the case of infrastructure such as sanitation, roads and drainage, other strategies may also be used. Government should invest more in power generation to reduce the incidence the incidence of dark night in the low income households. NGOs may be concerned with ensuring that municipal investments are made in the lowest-income settlements. They may also be anxious to ensure that the communities themselves can participate in the construction, planning and management of the programmes (Mitlin and Thompson, 1995). In conclusion, if the menace of economic recession ravaging the economy including our educational system will be curbed down, it is imperative for the government...
to invest in the energy sector, engage the Niger-Delta militants in a dialogue, reduce the tax rate or regulate same to avoid double taxation, borrowing from both domestic and foreign should be invested more on infrastructure, funds should be sourced more from the domestic economy than the foreign investor to avoid the incidence of capital flight, the government should work with the legislative body to endure speed execution of her project, commodity price and raw material price should be regulated through consumer protection agency, the government should kept price control for other petroleum product like PMS among the host of others measure that can be taking to resolve the current situation at hand.

**CONCLUSION AND RECOMMENDATIONS**

From the foregoing analysis, one thing is clear the poor or low income families are the most vulnerable during the period of economic recession. From the work of Noko (2016), it is clear that during economic recession there is high job loss, high family friction, poor standard of living, high cost of living, high inflation in the country and poor medical care.

From the empirical work reviewed a number of strategies were suggested by the researchers on in curbing the effect of recession on the low incomes families including reduction in taxation on personal income and small businesses, increase expenditure in providing free education and health care, proving more job opportunities to the low income households, providing housing loans to aid accommodation problem during the period of economic recession. Noko, clearly stated that the family has lots to do during this challenging period by spending less on irrelevant things like entertainment, jointly pooling their resources together among other.

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