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THE IMPACT OF GLOBAL ECONOMIC MELTDOWN ON AFRICAN ECONOMIC DEVELOPMENT: LESSONS FROM AMERICAN EXPERIENCE

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ABSTRACT: *The quite recent global economic disaster that had dealt a devastated blow on economies across the globe deserves attention in the field of academic given the effect it has had on African economy. The need to do a critical appraisal on the phenomenon –global economic meltdown; identification of its causes and effect on global economy and Africa as a continent becomes imperative in view of the quest for sustainable Africa economy and the need to fight the scourge of poverty in Africa. This paper through a historical analysis and critical research method focuses predominantly on American experiences and panacea adopted to ameliorate the menace. The discovery made on this critical survey might form the benchmark in understanding the way out of the most recent and subsequent experiences of economic meltdown.*

KEYWORDS: Globalization, global, economic, meltdown, crises

Introduction

The most resent global Economic Meltdown downturn is a matter which touches all continents as well as countries of the world. No matter how remote, each was affected by economic decision made most often in the skyscraper cities of the West or Asia. The crisis appears to have developed more in the capitalist system whose major emphasis on materialism is based on the illusion that nations can indefinitely continue to create, receive and accumulate more and more material wealth and goods. Given the present trend of global economic meltdown with its multi-faceted phases, in sincerity one would perceive a gleam of the future better still an optimum condition for innovation and productivity if certain proactive as well as precautionary measures suggested in this paper are taken into consideration. This paper is aimed at appraising the global economic meltdown from its historicity to the present and to find out the effect it has had on African Economy using Nigeria, South Africa and Tunisia as a case study. The methodology applied is historical and critical analysis of available literatures on the subject matter. The Choice of the nations mentioned is to have an evenly spread of the searchlight across the segments of African continent- South, West and North.

Conceptual Clarification

One of the consequences of accumulation of capital is globalization. Capital is aimed toward the search for high returns on investment and profit from product exceeds boundaries in a continuous chair of connectivity.

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Crises

The word crisis have been viewed and assessed from different dimensions. Gamble and Walton (1976 : 2) quoted Marx as using the term to refer to:

Economic and commercial crises which are interruption to production and the process of capital accumulation and took the form of goods pilling up because they could not be sold profitably, widespread bankruptcies, financial panics. Cut back in production and mounting unemployment.

The classical and simply definition is an interruption to production and to the process of growth. Other word closely related to crisis or synonymous to crisis is recession, which is a general slowdown in economic activity in a country over a sustained period of time, or a business cycle contraction.

Energy Crisis: Is any great bottleneck (or price rise) in the supply of energy resource to an economy. It occurs as a result of pipeline failure, industrial action and government embargoes and increase consumption

Currency Crisis: Currency crisis is also called a balance-of-payment crisis, occurs when the values of a currency changes quickly, undermining its ability to serve as a medium of exchange or a store of value.

Credit Crunch (Credit Squeeze is Credit Crisis): Credit crunch is a reduction in the general availability of loan (or credit) or a sudden lightening of the conditions required to obtain a loan from the banks (http://en.wikipedia.org/wiki/Recession). Credit crunch is also known as financial crisis it occurs when participants in an economy lose confidence in having loans repaid by debtors.

Historical Overview of the Global Economic Meltdown: From Earliest beginning to the recent experience in global economy.

A biblical recording traces the history of global economic meltdown to Egypt in North Africa in 1240 BC? When Pharaoh Ramsey2 through the ingenuity of Joseph, an Israeli youth who by the wisdom of God Almighty took a proactive action in cushioning the effect of global economic meltdown. The then world found economic solace in Egypt in Africa when the effect became extremely devastating. Evidence indicates that ancient civilizations such as Greece and Rome engaged in investment-banking operations with practices such as extending long-term credits to governments and to certain industries. During the Middle Ages investment banking was concerned largely with financing governments. In the 1000s and 1200s, for example, the Lombard banks in Italy combined trading operations with long-term loans made to various rulers.

In Great Britain the earliest investment institutions of any important were the acceptance houses, or merchant banks. As far back as the 1600s, these concerns financed foreign trade. Later the acceptance houses also floated foreign issues in London and accumulated funds for long-term investment abroad.

Also important in the evolution of investment banking were private banks, many of which were family enterprises, and finance companies. One of the former, the House of Rothschild, attained

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a dominant position in the financial centers of Europe during the 1800s and was still influential in the 1900s.

Currently, in Britain, channeling of capital into domestic industry is done mainly through specialized finance or investment companies. In many European countries, however, it is customary for the same institution to carry on both commercial and investment banking. In Germany, in particular, large banks play a leading role in financing industrial development; just as investment banks also play a global role. Companies and governments frequently finance their needs in the market which they can get the very best prices and terms whether that market is in the United State, Europe, or Japan (Sahanna, 2009)

Evaluation of the American Economy before World War I

Britain Defaults in state securities in the 1840s for a time cut off the supply of foreign capital and led to strong efforts to tap the domestic capital market, which had been confined to wealthy traders and ship-owners in New York City and Philadelphia, Pennsylvania.

Investment banking received a further strong impetus during the American Civil War (1861-1865) from the example of a syndicate of banking house, led by the financier Jay Cooke. The syndicate sold a billion dollar's worth of government bonds to large numbers of individual investors through the use of thousands of salesmen and an extensive advertising campaign. This venture marked the first mass securities selling operation carried out in the United States.

After the Civil War, investment banks concentrated on the sale of railroad bonds. Over commitments in this field led to the panic of 1873, set off by the startling failure of Jay Cooke and Company. In the 1890s widespread railway of defaults and receiverships occurred again. Some larger houses, including the firms of J. P. Morgan and Kuhn, Loeb, played a major part in huge mergers such as that of U. S. Steel Corp (1901) and the Northern Pancific and Great Northern railroads (1904). Morgan, in particular, favored monopolies to preserve business profits and investor confidence.

Evaluation of the American Economy after World War I

In the period during the following World War I (1914-1918), the investment-banking business expanded spectacularly. One aspect of this trend was the unprecedented increase in the number of individual security holders, resulting partly from the great prosperity of the 1920s. Many new and inexperienced firms entered the field. The ensuing wild competitive race for business ended during the great depression in a collapse of the security markets and the failure of many banking concerns. The abuses revealed during this period resulted in numerous federal reforms.

From 1911 to 1933 regulation of the sale of securities to protect investors from fraudulent offerings was confined to the so-called blue-sky laws enacted in various states. The term blue sky referred to the limitless claims of unscrupulous promoters. Virtually all states had statutes providing for the licensing of dealers and brokers and for filling of pertinent data. It became clear during the 1930s that these laws had many shortcomings, including lack of uniformity, weak administration, and most important, lack of jurisdiction over interstate commerce. Pressure for more effective legislation following the collapse of the stock market in 1929 led to the passage of the federal securities act of 1933. Its principal feature is "full disclosure", the requirement that full and accurate information be made available regarding publicly offered securities through a registration statement field with the Securities and Exchange Commission

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and through a prospectus (a condensed statement) given to prospective purchasers. Another reform instituted in 1933 was federal legislation compelling commercial banks to separate themselves from their securities affiliates, which had previously played a significant role in investment banking. Known as the Glass-Steagall Act, it was later gradually repealed and was completely nullified by 1999.

Historical Background of U. S. A's Economic Recession (The Crash of 1929)

During the 1920s millions of Americans began to purchase stocks for the first time. Many new investors entered the stock market with borrowed money. Stock prices rose steadily as inflated market demand outpaced increases in the value of the real assets of these businesses as well as their profits. Investors eventually realized that a large imbalance existed between stock prices and the real assets available to back them up, including profits, and decided to sell. On October 29, 1929, great numbers of people tried to sell their stocks at all at once. Prices tumbled so drastically on the (NYSE) New York Stock Exchange and other exchanges that the event became known as the crash of 1929, millions of investors lost their savings in the crash, and many found themselves deeply in debt because they could not repay the money they had borrowed to buy stocks.

The background of recent economic meltdown :An Evaluation of U. S. A's Economic Recession in Early 21st Century

In 2003 the worst scandal in the recent history of the U. S. mutual fund industry began to unfold. Both the Stock Exchange Commission (SEC) and the New York State attorney General disclosed that many mutual fund companies allowed favored investors to engage in late trading and market timing. Large trading enables an investor to place an order after the market has closed, thus taking advantage of any after-the-market news that could affect stock prices the next day. Market timing involves active in-and-out trading of fund shares, which drives up the fund's costs and harms investors who have bought shares for the long term. Both market timing and late trading are regarded as improper activities since the wealthiest investors can earn more than regular investors with the favour they receive.

Neither the Stock Exchange Commission (SEC) nor the New York State attorney general were able to determine just how much money mutual fund investors lost as a result of these practices. At least 25 financial firms were involved in the scandal. To settle with the SEC and New York State, where many mutual fund companies are based, financial firms agreed to pay more than $1.65 billion in fines and in reduced fees to customers as of early 2004. One of the largest settlements involved Bank of am Erica Corporation and Fleet-Boston Financial Corporation, which in March 2004 to pay a total of $675 to engage in market timing. Neither company admitted or denied wrongdoing in agreeing to the settlement.

As the scandal unfolded in 2003 and early 2004, SEC regulators also pursued other abuses in the mutual fund industry that involved stock brokerages. An SEC investigation found that 14 of 15 Wall Street brokerages received cash payments or commissions from mutual funds for steering clients to those funds. The SEC charged that the brokerages failed to disclose these payments or commission in violation of their fiduciary responsibility to their clients. Without admitting or denying guilt, one brokerage house, Morgan Stanley, agreed to pay $50 million to settle a lawsuit brought by the SEC and the National Association of Securities Dealers.

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SEC and the New York State attorney general's office also charged that many mutual funds failed to disclose hidden fees and that Brokerages steered clients to certain types of mutual fund shares, resulting in higher costs to the client through sales charges or fees paid to the brokers. In early 2004 the SEC proposed new rules to help curb these and other abuses in the mutual fund industry. (http://en.wikipedia.org/wiki/credit)

Causes of the Global Economic Meltdown

The present experience surely do not surface overnight professionals have attributed the present as gathered pace over a decade of negative saving and under-investment particularly in the US along with certain corrupt practices that were readily tolerated in the midst of the boom period. (http://en.wikipedia.org/wiki/credit)

There are many causes of the present global economic meltdown as there is no-smoke without fire so there is no economic crisis with underlying cause.

Credit Crunch

The financial crisis of 2007-2009 began in July 2009 when investors eventually realized that a large imbalance existed between stock prices and the real assets available to back them up, including profits, and decided to sell (Hinduja S,2009)

American Housing Collapse

Dean Baker, an analyst observed that since 1953-1995 housing prices had simply tracked inflation but that when house prices from 1995 onwards were adjusted for inflation they showed a market increase over and above inflation-based increase. Its existence he argued predicted an ensuring crisis. His assertion at initial seems impossible to prove but latter proved through the instrumentality of Yale economist, Reobert Shiller. (Aliogo J, 2009)

Systemic Crisis (Constant Decrease in G. D. P)

The constant decrease in Gross Domestic Product (G. D. P) growth rates in western countries since the early 1970's created a growing surplus of capital which did not have sufficient profitable investment out lets in the real economy. The alternative was to place this surplus into the financial market which became more profitable than productive capital investment especially with subsequent deregulation. This according to an Egyptian economist, Samir Amin led to the recurrent financial bubbles and the deep cause of the financial crisis of 2007-2009. (Aliogo , 2009)

Implication of the Impact of Global Meltdown on the Economic Development in Africa

Analysis of the Global Meltdown in Nigeria

On Nigeria Experience Nigerian minister of state for finance, Mr. Remi Babalola, said that the role of insurance in the growth and development of our economy cannot be overemphasized. It mitigates the impacts of risks and positively correlates to growth as entrepreneurs cover their exposures; otherwise, risk-taking abilities are hampered. Thus, a strong and competitive insurance industry is a compelling imperative for Nigeria's economic development and growth.

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The heat generated by the global economic slowdown is biting African insurance companies hard as many begin to record declining premium growth.

The heat of the global economic slowdown seems to be biting quite hard on the insurance industry at the moment. Nigeria is not alone in this difficult time as another African country are experiencing the heat as immense pressures mount on various classes of insurance business in different ways. (Ezekwesili O. 2009). High on the list of external threats are global meltdowns, depreciation of the Nigeria currency and fall in oil prices that had dashed new activities in the upstream and down sector, save for existing ones, and high cost of doing business.

In many countries, the growth percentage in premium income recorded between 2007 and 2008 shoed some measurable significance but showed little or not considerable different between 2008 and January 2009. An indicator that there in a downward pressure on premium income, particularly in this year, 2009 (Aliogo, J. E. 2009). The result and impact of the global economic meltdown on Nigerian economy became so devastating on the public sector such as banking. This radically led to some bank swooping on the helpless populace to scoop back their loses. This coupled with corrupt bank chief executives who were bent at looting the common treasures of the entire populace in the banking sector. Invariably inflationary rate went high and the entire citizenry had their fair share of the debacle in Nigeria.

Analysis of the Global Meltdown in South Africa

In 2007, total premiums in South Africa rose by 12 percent to ZAR 231, 124 million. Non-life premiums rose by 9 percent to ZAR 55, 590 million, while life premiums rose by 13 percent to ZAR 175, 534 million. Between now and the end of the forecast period, it is expected that annual non-life premiums will grow by ZAR 60, 095 million, while annual life premiums should increase by ZAR 91, 577 million. Growth in non-life premiums should be driven by the general growth in nominal DGP, plus a rise in non-life penetration from the current level of 2.81 percent to 3.5 percent. Growth in life premiums should be driven by the change in the overall population and a rise in life density from $497.29 to $630.00 per capita. The insurance business environment rating for South Africa is 67.1.

The key driver of the muted growth anticipated in the life segment is the envisaged rise in life density from a minuscule $503 per capita in 2007 to $630 per capita in 2012. South Africa's total population is likely to remain steady. The competitive landscape in the non-life segment is characterized by fierce competition from large local players, but is, nonetheless, very open to participation by foreign groups-a fact to which South Africa's high score in this category of its IBER attests. Foreign insurers are a small presence generally in the life segments of Middle Eastern and African countries surveyed, and the openness component of South Africa's IBER, with regard to the life segment (5 out of a possible 10) reflects this.

Though South Africa's insurance sector is well developed, thanks, in no small part, to a regulatory framework that is conducive to the development of the sector, the main weakness of South Africa's insurance sector is the prospect of the impact of slowing growth and possible high inflation impacting upon what is, in global terms, a comparatively low GDP per capita.

Analysis of the Global Meltdown in Tunisia

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Tunisian minister of finance, Mr. Mohamed Rachid Kechiche, whilst addressing insurance practitioner in Africa in Tunis late last year, said insurance industry in Africa is vulnerable to factors that may militate against it, adding that insurance business needs a friendly environment to thrive.

According to Him, "we are sure of the existence of several factors susceptible to promote the development of African markets and among which the existing potentialities in our courtiers as well as the development registered at the level of their economies and whose average rate attains 5.7 per cent in 2007, and also improvement in living level of the social classes of the average African continent, this, despite the considerable pressure resulting from flying prices of raw material and energy on international markets". (Rachid Kechiche, 2009)

He stated further, "It is this hope which will guide us in Tunisia in our efforts to develop and consolidate this sector with oneness of reforms targeting its general environment and the development of its legislative framework with aim of harmonizing with international norms and uplifting of enterprises in order to improve their services and to modernize the internal mode of management and to reinforce their distribution canals.

The Tunisian Finance minister added, "Today, the analysis of insurance sector indicators in Tunisia confirms the improvement of its activity level and the existence of a platform well routed to a better dynamiting its role in resources mobilization and financing the economy notably with new partnership opportunities and of permitted complementarities through bank-insurance.

"We are fully conscious of the numerous challenges persisting again, regarding the new world mutations characterized by the rapid upheaval, important fusions and it is this conscience that brings us to work toward a greater cooperation between countries and meet the challenges and to gain our place in a perpetual changing markets".

Today's business world, he further noted, "is facing some major changes, upheaval of concepts and the values in favour of international financial crisis which is weighing heavily on investment decisions, decisions which needed to be remembered based essentially on confidence in procedures and institution, confidence, at last, forcefully dominated by system dysfunction.

He reiterated, This is serious crisis because it has begun ensuring confidence, and in doing so, it has sown the doubt and raised all the interrogations not only in the form but also on the fundamentals of the same system, a systematic crisis that has largely bypassed credit assets sector and risk of spreading to all the real sector leading to growth and stopping the efforts of our countries to overcome poverty and to develop the life conditions of our population. (Rachid Kechiche, 2009)

Impact of Present Economic Meltdown on African Economic Development

Inflation is associated with a range of other economic ills, represented by different forms of crisis. Gable and Walton put it this way:

When inflation appears, this is the real fear which hits at million of people that suddenly the money in their pocket and their banks will no longer guarantee them comfort and security. In a period of rapid inflation in which prices continually soar, the value of one's income cannot

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be taken for granted. What is manageable income in January may prove to be unmanageable by July or December. (Gamble A. and Walton 1976:2)

African Insurance Companies

The heat of the global economic meltdown seems to be biting quite hard on the insurance industry at the moment. Nigeria is not alone in this difficult time as other African countries are also experiencing the heat. In many countries there is an indication that there is a downward pressure on premium income, particularly in this year, 2009. Arising from South Africa, one of the well-developed insurance sectors in Africa to Sierra Leone, Tunisia all are experiencing a slowdown. Considering the role of insurance in growth and development as observed by the Nigeria Finance Minister for State, Mr. Remi Babalola African economic development is in threat.

Bankruptcy

Bankruptcy is an attendant factor of the present crisis. "It is legally declared inability or impairment of ability of an individual or organization to pay its creditors (http://en.wikipedia.org/wiki/Bankruptcy). A lot of banks in African sub region went bankrupt and could not pay back its creditors. The only respite a country like Nigeria had was the recapitulations of Banks in Nigeria to the tune of 25 Billion naira for each or group of bank by the then Central bank governor, Professor Charles Soludo.

Unemployment

Unemployment occur when a person is available to work and currently seeking work, but the person is without work. This is one of the most damaging aspects of recent development. It is one of the gravest and most destructive economic and social problems facing people all over the world. It involves, terrible psychological, social and physical loses. As noted by Oby Ezekwesili, the World Bank's vice president for Africa, the present trend may result in increased infant and child morality, as well as make primary school completion rates to fall. (Ezekwesili,2009) This phenomenon damages the human spirit and leads to economic devastation and hence ensures an unhealthy platform for economic development.

Reduced Global Demand

African economies have been primarily affected by reduced global demand and lower prices of commodities such as oil, platinum, nickel, gold, and copper. The impact of the meltdown has reflected in the proposed budget deficit of 836 billion in Nigeria with other antecedent problems.

The Global Economic Meltdown and U. S. A'S Economy: An Evaluation and Vital Lessons from United States of American experience.

In the period of business prosperity that following World War II (1939-1945), investment banking reached new high levels, despite the strong and increasing competition provided by

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direct borrowing by corporations from life-insurance companies and other institutional investors (including pension funds).

In 1964, as a result of recommendations by the Security and Exchange Commission, the U. S. Congress enacted amendments to the federal securities laws that considerably strengthened regulation and investor protection. These and subsequent reforms enabled the commission to raise standards for persons entering the securities business and to tighten its control over dealers and their employees. On My 1, 1975, a nearly 200-year-old tradition in the brokerage business disappeared when the commission ordered the end of the fixed-rate brokerage fee. (Encyclopedia, Encarta 2009).

Evaluation of Recent Recessional Reforms in the U. S. A'S Economy

New reforms in investment banking and the marketing of securities were enacted as the 21st century began. The reforms followed a wave of scandals in 2001 and 2002 involving the lack of safeguards preventing conflicts of interest within an investment bank. Research analysts for investment banks who recommended stocks to investors were being compensated for attracting investment-banking clients. Such clients included companies that sought an investment bank's help in funding an initial stock offering known as an initial public offering (IPO). These investment-banking clients, in turn, expected favorable stock ratings. In some cases, analysts were publicity recommending a stock while privately ridiculing the company that issued the stock. In a settlement with the New York State attorney General and the SEC, ten investment-banking houses in 2003 agreed to pay $1.4 billion in fines and to adopt a variety of reforms aimed at ending these conflicts of interest. For example, research analysts could no longer be rewarded for attracting investment-banking business, and strict limitations were placed on communications between the research department and the investment banks involved in IPO's. Federal legislation, known as investor jeopardized by based research from investment banking house (Encyclopedia, Encarta 2009).

Partway to Economic Development: the way Forward Understanding the Concept of Development

As observed by Bergers (1996) increase of capital, economic growth or the victory over competitors are not an end in itself. The goal of economy is to serve life which means to enable a descent development all over the world. Africa as classified under the third world countries or better still the "the not", choking with debts and poverty is the most seriously affected set of people when we talk of the negative impact of globalization. (Bergers, 1996). Singer in Arndt observed that development is growth plus change. This change should cover all the dimension of human society, socio-cultural, political and economic wise, which involves both qualitative and quantitative increase. In altruism challenge is not a defeat, but I think it is a call to retreat and confront. We shall use Nigeria situation as a case study in proffering solution to the development of Africa.

Proper Management

Management involves making use in the most efficient way the available resources. The bane of many developing society is not that they are poor, but that they are under-managed (Ikpeze , 1989). This issues of management is one of the far-reaching measures recommended by the World Bank vice president for Africa Oby Ezekwesili in her paper "Africa: Dealing with Global and Financial Storm" in cushioning the effects of the meltdown (Ezekwesili ,2009). The

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government has a crucial task to play to making the great transition awaited long, that is, from traditional industrial to modern industrial economy. Staley, a development economist argued that to achieve the expectation government.

Must take responsibility for analyzing the country's economic position and its development potentials, deterring feasible and mutually consistent development goals and devising ways to move the economy toward the goals as rapidly and smoothly as possible.(Staley,1967: 327).

He insisted based on the fact that well-founded expectation will be generated if it is clear to all that the government is up to something. This enables economic agencies and private sector to make plans and decision for the common good.

Socio-Physical Foundation for Development

Background work is necessary for development just as the level or thickness of a foundation determines the kind of building and its life span. For sustainable development public authority has a lot to do as regards to the background or skeleton sketch of development. Every African nation should develop a sustainable blueprint for economic development.

Social Foundation through Sustainable Education

Poor education impoverishes the mind and an impoverished mind is exposed to all form of absurdities. Education here is not restricted to the four walls of a college/school; it goes beyond that to efficient information dissemination as strategies of new or improvement in the method of farming[23]; training workshops for the entire sectors, skilled, semi-skilled and unskilled labour among others (Staley, 1967)

It was Muyale (1997: 17-18) who advocated that , to create adequate social foundation for development, it is often necessary to carry agrarian and social reforms in form of easing the much burden in acquiring education or free education were possible, at least to secondary school. The process if realistic coupled with positive measures of implementation will yield an unprecedented result.

Physical Foundation

The recent clamour for a Sustainable Millennium Development Goals of a better Nigeria and other African countries can be attained if every single member of our society is equally empowered in theory and practice. Development is far more than statistical rise in the national income of a country, it is imperatives that development be measured in terms of the quality of human life, the provision of social amenities like good health services (affordable), good roads, efficient power system, pipe borne water etcetera will give an equal playing ground.

Diversification of Economy

Since 1970 Nigeria departed from Agricultural producers to a single product economy, oil foreign exchange earnings have dwindled. Resilience has been argued to be the key characteristic of a strong economy. Nigeria has demonstrated its lack of resilience in its inability to withstand as well as absorb the externally induced shock of petroleum market.

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Ikpeze suggests diversification of economy as one veritable means of withstanding the vagaries of world market.(Ikpeze ,1987)

Agrarian Commodities

Increase productivity especially in food and raw material will not only engender higher and diversified consumption, but will also ensure for surplus for much needed capital formation. Researching should be encouraged to this end.

Science and Technology

It is high time Nigerians started to take their destiny in their hands. Government ought to base a good measure of development plans on science and technology. Structural shift of material toward more manufacturing industries, guided by mere disciplined consideration of social profitability will do us good. The researcher concurs with Ezeilo no matter how little; he thought that economic crisis is an optimal condition for innovation and productivity. One may recall the scientific and technological strides made by Biafrans during the civil war he argued. (Ezeilo ,1986). It should be noted that the slogan “western transfer of technology is a myth and is not a realizable project. Hence, African should reinvent and develop local technology and scientific knowledge.

Religion and Economic Crisis

Religious leaders should ensure the sensitization of its members on the cultivation of certain values. This should be taken serious by them because religion is the custodian of public morality and ultimately necessary in character formation. Prayers as suggested by religious leaders should be taken serious for with God all things are possible. Religious leaders should also dialogue and bring to an end incessant religious crises in Africa especially Nigeria that snow ball into wanton destruction of lives economic and social infrastructure.

SUMMARY

Against the background of the current effects of the economic meltdown, with its adverse economic realities affecting the nations and most part of the world, the World Bank in its report released in Washington U. S. A, stressed that the global economic and international trade will shrink in 2009, the first time since World War II, I the circumstance, CNN surly say that 50 million jobs will go this year, corroborating the assertions of the World Bank.

The situation is not different in Africa and particularly Nigeria. The impact of the meltdown has reflected in the proposed budget deficit of ₦836 billion with other antecedent problems.

As the United States and other big economics step up measures to cushion the effects of global economic recession, the World Bank has warned that a full blown socio-political crisis is imminent in Nigeria and other African countries owing to the recession.

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CONCLUSION

The recent Economic Meltdown globalization has impacted so much on African economic development. The effect adverse is enormous. The present economic meltdown or recession witnessed in Africa did not originate from Africa, but Africa feels the impact as a result of the linkage experienced in the world market owing to globalization. Nigeria for instance is the fifth oil exporting country in the world and practices a single or mono economy and depends so much on oil as well as foreign earning of which USA is her major customer. Therefore crises experienced in US affect Nigeria in the sense that the price of oil will go down therefore reduced the amount of import and project sponsorship. This in turn affects the standard of living of its citizens.

Challenge remains a veritable tool for productivity and development. Long-term solution is the only antidote for Africa development. Nigerians needs to diversify its economy and lay a solid foundation for economic growth and development.

Growth and development of the African economy with special emphasis on Nigeria, South Africa and Tunisia depends so much on her ability to take her future into her hand. This can be reflected in her ability to encourage science and technology of her own no matter how little and her leaders' ability to give effective and efficient education to all, which invariably is the production of an equal playing ground.

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