

FINANCIAL TIMES

South Africa as a Bric: the godfather raises an eyebrow

December 29, 2010 6:40 pm by Barney Jopson



The godfather has spoken – the godfather of the Bric group. Jim O’Neill of Goldman Sachs had planned to stay quiet over the holidays, but he couldn’t resist reacting to a gutsy move by China on Christmas Eve to insert South Africa into the acronym he coined.

According to reports in Chinese state media, China invited South Africa to join the four-letter club of fast-growing emerging markets – or at least to join a summit of theirs in China next year. In a note to clients on Wednesday, O’Neill wrote: “While this is clearly good news for South Africa, it is not entirely obvious to me as to why the Bric countries should have agreed.”

As chairman of Goldman Sachs Asset Management today, he clearly doesn’t want to offend anyone. But the implicit message of his note is that the Bric concept has become political and has been unmoored from the economic logic that underpinned his creation of it in 2001 when he was Goldman’s top economist.

He wrote:

When I created the acronym, I had not expected that a political club of the leaders of the BRIC countries would be formed as a result. In that regard, the purposes of the two might be regarded differently and more so after this news.

He says “South Africa rightly sees itself as a leading emerging nation”. But this is just to soften the blow of his main point, which is that in economic terms South Africa is very far from being a Bric contender.

The size of its economy is \$350bn. And as O’Neill notes:

... this is quite small by not only BRIC standards, but compared to some others. For example, Russia is around \$1,600 billion, nearly 5 times larger than South Africa. And, India is currently similar in size to Russia. Brazil is currently closer to \$2,000 billion in size, while China is considerably larger at around \$5,500 billion.

[Back to top](#)