

27 April 2021

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Tribute to Oleh Havrylyshyn: scholar of the Economics of Transition

Oleh was a pioneer of the Economics of Transition; he embraced the field long before it became popular with the fall of the Berlin wall. His journey started in the early 70s, when Oleh travelled to Yugoslavia for the field work of his Ph.D dissertation at MIT. He worked under the direction of prominent Croatian economist Branko Horvat, following a request of Evsey Domar, his thesis adviser at MIT and one of the fathers of the Harrod-Domar model. By then, Yugoslavia had departed from central planning towards a peculiar variety of market system, in which employee-owned firms would compete in the product markets. Oleh hoped that, one day, he could contribute to his native Ukraine with this acquired knowledge. His dream came true in 1992 when he was called for duty by the first post-Soviet government as deputy minister for finance and foreign affairs and later as representative of Ukraine in the IMF. It was in Kiev, moreover, where Oleh met his future companion and wife, his beloved Natalia.

Years later, he shared with me this anecdote. Oleh had to coordinate the first trip of Stanley Fisher - then deputy head of the IMF - to Kiev. To play the academic chord, Oleh thought of presenting him with a first edition of a book by a prominent Ukrainian economist. He considered Von Mises – born in Oleh’s natal L’viv- and Slutsky - professor in Kiev albeit Russian born - but opted for Mijhail Turgan-Varanosky; the book gift was "Notes of the Newest History in Political Economics." The choice was full of symbolism. In 1917, in the wake of the Russian revolution, Varanosky served as minister of finance of an ephemeral independent Ukrainian Republic soon to be clamped down by the Bolsheviks. Oleh told me that he felt that his own experience mirrored that of Varanosky and that, like him, he feared the fragility of Ukraine’s independence; in his words: “Putin’s Ukrainian ambitions is the enemy without and the oligarchs the enemy within.”

The oligarchs were dealt with in one of his finest writings: “Uncharted waters, pirate raids, and safe havens: A parsimonious model of transition progress”. Uncharted waters meant the transition process; the pirates are, of course, the oligarchs; and the EU and NATO are the safe heavens. He noted that the 19th century robber-barons - unlike the oligarchs - did not get their wealth by grabbing underpriced pre-existing assets of the State, nor did they benevolently push for the anti-Trust legislation which limited their profit-making. The fact that Ukraine could not avail itself of the EU and NATO “anchors” - as readily as the post-Soviet Baltic republics - made Oleh not too optimistic about the future. He presented this paper at the 10th Dubrovnik Economic Conference (DEC) in 2004.

And it was precisely Dubrovnik the topic of the book he coauthored with Nora Szrentić: “Institutions always mattered: explaining prosperity in medieval Ragusa.” I remember his colorful speech about the book, in the welcoming cocktail of the 21st DEC at the Victoria terrace of the Hotel Argentina. The speech ran like the script of a theater play in which DEC veterans impersonated the 17th century Ragusans. Governor Boris Vujčić was none other than the poet and four times rector of the Republic, Ivan Vučić. Given that the Ragusan aristocracy divided itself into two groups: Sorbonezi and Salamankezi - depending on whether they had studied in the Universities of Sorbonne (France) or Salamanca (Spain) - he enlisted Škreb and Tomislav as prominent Sorbonezi and myself as a Salamankezi by the name of Riko Lagović. I wish I could have procured a copy of the speech to complete the cast of characters.

The book explains how strong institutions and free trade - Oleh's two hobbyhorses - were the keys to the prosperity of Ragusa. And it was precisely in a brainstorming on trade reform that I met Oleh for the first time; it happened in the World Bank in October 1990. In those days he was part of a team putting together a major World Bank multi-country study on trade liberalization in developing countries for which he wrote the paper "The Timing and Sequencing of Liberalization: Yugoslavia." The findings of the World Bank study - in which a score of country experiences were analyzed - were published by Blackwell in 1991, in some seven volumes edited by Papageorgiou, Michaely, and Choksi. Oleh's contribution is in Volume 3.

While the benefits from trade liberalization are clear and tangible - Oleh spelled them out in his article “Trade Policy and Productivity Gains in Developing Countries: A Survey of the Literature” (1990) - so is the resistance of the status quo to freer trade. The politics of trade reform is, therefore, the difficult part. Something he was about to experience soon after, in his own flesh, as deputy minister of finance of the Ukraine.

Oleh's magnum opus is undoubtedly his book “Divergent paths in post-communist transformation: capitalism for all or capitalism for the few?” (2006); a superb source for students of the economics of transition. He put many years and effort in this book, which is written in precise, elegant English prose. I want to rescue two quotes. The first is a biographical one in the foreword: “As a Ukrainian-born refugee of the Second World War, I was blessed with the opportunity to live in many free societies and to be educated in a ‘Western’ professional paradigm. Nevertheless, my origins, parents and diaspora community ensured the indigenous Weltanschauung was not completely lost. This did not fully equate with the experience of living in the pre-1989 communist societies, but it helped a great deal to understand them better when my professional interest, like that of many Western economists, carried me into the field of transition economies.”

And the second is the dedication of the book: “To my wife, Natalia Ingrid, who supported in all ways my efforts from the beginning of transition to the completion of this volume, and provided numerous insights to help see more clearly through the post-communist fog”

It is rare nowadays to encounter speakers with Oleh's professorial stance and demeanor. He delivered his words and dressed at the pulpit like the old-vintage professor: an endangered breed in the YouTube era! He spoke with a wit: once someone said that instability in the Balkans was a major source of uncertainty, to what Oleh replied "well we are not really in the Balkans, the Balkans start some 20 km from here" He always gave his lecture at DEC wearing the ritual tie, gifted to us by HNB in the 5th conference. He said often that he would attend the conference every year even he had to walk with the help of a stick, as he eventually did. Oleh and Natalia's affection for his friends was heartfelt and graphic: they used to bring an extra suitcase to DEC with gifts. I remember being presented, on separate occasions, with a bottle of whiskey, a jar of maple syrup, and a scarf - always made in Canada - which were handed over to me in a ceremonial manner with a detailed explanation about the origins of the product.

On April 4, 2019, I received the following Email from Oleh:

"I have been thinking about doing something special to celebrate the 25th anniversary ... one sleepless night, the Musa started whispering some words about DEC and Ragusa...

I have written some lyrics to the tune of La Musica di Notte. I wonder if you would agree to work with me to perhaps refine this to sing it at one of the dinners, in addition to the standard DEC Hymn of course"

And hence, we gave birth to the commemorative song "La Musa di Ragusa". Here are three of the stanzas:

Oleh was very enthusiastic
on Yugoslav enterprises
he came to meet Branko Horvat
to find his thesis' topic

If you want to learn Croatian
you must begin by translating
Hrvatska Narodna Banka
is Croatia's National Bank

(Chorus)

Twenty-four years ago

we came first to Dubrovnik
and are now looking forward
for the next twenty- four

Sadly, the next twenty-four conferences will be lesser without the physical presence of this great Ukrainian Canadian and adoptive Croatian scholar. Although, surely his soul will be there. Rest in peace, dear Oleh.