Flug set to name Canadian-born economist as the Bank of Israel’s deputy governor

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The associate dean of the economics department at the Interdisciplinary Center, Herzliya, has been nominated by Bank of Israel Governor Karnit Flug as the central bank’s deputy governor. Nadine Baudot-Trajtenberg’s nomination, which was announced Thursday, would also include her appointment as a member of the bank’s monetary committee and supervisory council. This would be the first time that both the governor and deputy governor of the Bank of Israel are women.

Her nomination is subject to approval by the government panel on senior appointments and by the cabinet. Technically, it is the prime minister that makes the actual appointment of the deputy bank governor, on the advice of the bank governor.

This would be Flug’s first appointment to the monetary committee since she herself took office last November. Flug served as deputy governor of the central bank until her elevation following the departure of former governor Stanley Fischer last June.

Most of Baudot-Trajtenberg’s professional experience has been at Bank Hapoalim, which she joined in 1987 as an economist. Between 2003 and 2009, she was head of investor relations in the bank’s financial division. Among the other posts she held at Bank Hapoalim were head of the securities research division and head of advisory and trading services for institutional investors. She was also on the faculty of Tel Aviv University, where she lectured in macroeconomics.

Montreal-born Baudot-Trajtenberg is a graduate of the University of Montreal, Oxford University and Harvard University, where she earned a Ph.D. in economics. Her doctoral adviser at Harvard was Lawrence Summers, who, from 1999 to 2001, was U.S. Treasury secretary. In the 1980s, she advised the Canadian department of finance and helped develop a reform plan for Canada’s tax structure.

Baudot-Trajtenberg is married to Manuel Trajtenberg, who chairs the planning and budgeting committee at the Council for Higher Education. He served as chairman of the government panel that was convened to suggest recommendations in response to the social justice protests of 2011. He is also the former head of the National Economic Council in the Prime Minister’s Office.

The sense among knowledgeable observers is that Flug received Netanyahu’s blessing in advance for her nomination of Baudot-Trajtenberg. Although there have been prior nominations to the post of deputy governor that have run into trouble, it is expected she will be approved.

Assuming this happens, Baudot-Trajtenberg will join the ranks of a growing number of women in positions at the helm of Israel’s economy. In addition to Flug as central bank governor, the CEOs of three of the country’s five largest banks are women.

At the Finance Ministry, Yael Andorn serves as director general, Michal Abadi-Boiangiu is the ministry’s accountant general, and Dorit Salinger is director of capital markets, insurance and savings.

As deputy bank governor, Baudot-Trajtenberg would fill in for Flug in her absence or in the event that the governor is unable to function under particular circumstances.

Flug conducted the selection process for deputy governor under a veil of secrecy. Even senior officials at the central bank were unaware of Baudot-Trajtenberg’s candidacy until it was announced to the media. It is thought that Flug’s choice was motivated by the candidate’s education, her experience in banking and the capital markets here, and recommendations from people who have worked with her.

The term of office for the deputy governor is five years, renewable for one additional term. The salary for the position is at least $16,300 and is set at 90% of that of the governor of the Bank of Israel.

In an interview with TheMarker three years ago, when she was appointed associate dean of the economics department at the IDC in Herzliya, Baudot-Trajtenberg spoke of the importance of providing financial aid to university students in Israel so that tuition costs would not provide a barrier for capable students. She suggested that the aid be conditioned on repayment once the students are earning a living and can begin paying it back. “It’s social solidarity in which the strong help out the less strong,” she said. “As I see it, it’s a step that the Education Ministry, together with the Finance Ministry, can carry out relatively easily.”