

Prof. Karnit Flug

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Education:

1985 Ph.D. Economics, Columbia University

Thesis: "Labor market policy within the framework of a general equilibrium model of international trade and investment in human capital". Advisor: Prof. Ronald Findlay

1980 M.A. *cum laude*, Economics, The Hebrew University of Jerusalem

1978 B.A. *cum laude*, Economics, The Hebrew University of Jerusalem

Professional Positions:

January 2025 – present: Senior Fellow at the Israel Democracy Institute

June 2019 – December 2024: Vice-President for Research, The Israeli Democracy Institute

March 2019 – present: Professor of Economics, The Hebrew University of Jerusalem, Israel

Nov. 2013–Nov. 2018: Governor of the Bank of Israel

July 2011–Nov. 2013: Deputy Governor of the Bank of Israel

July 2011–Nov. 2018: Member of the Monetary Committee and the Supervisory Council

July 2001– June 2011: Director, Research Department, Bank of Israel

Jan. 2000 - July 2001: Deputy Director, Research Department, Bank of Israel

July 1997– Dec. 1999: Assistant Director, Research Department, Bank of Israel

Oct. 1996 - July 1997: Senior Economist, Research Department, Bank of Israel

Sept. 1994 - Sept. 1996: Senior Research Economist, Economics Division, Inter-American
Development Bank

Aug. 1988 – Aug. 1994: Economist, Research Department, Bank of Israel

April 1984 – July 1988: Economist, International Monetary Fund:

Areas of Specialization:

Macroeconomics, monetary and macroeconomic policy, labor market, welfare policy, balance of payments, Israeli economy

Other Activities:

2022-present: National Enquiry Committee for Maritime Vessels
2021-2023: Committee for the Evaluation the Structure of the Financial Regulation in Israel
2020: Riksbank (the Central Bank of Sweden) Monetary Policy Evaluation Committee
2019: Chair, Independent Evaluation Committee for the Central Bank of Chile
2012: Member, Committee to support competitiveness in the economy (Israel)
2012: Member, Committee for financial strength of National Insurance (Israel)
2011: Member, Committee for socio-economic change (Israel)
2011: Member, Committee to study retirement age for women (Israel)
2007: Member, Public Committee to study the defense budget ("Brodet Committee") (Israel)
2006: Member, Public Committee to reduce poverty (Israel)
2004: Member, Public Committee to study minimum wage law 2000–2010 Member, IDC Herzliya Conference preparatory taskforces (Israel)

Awards:

"Governor of the year Award" for 2018 by the Central Banking Publication
Grade A for Central Bank Governor in each of 2013-2018 by the "Global Finance " magazine
Honorary Doctorate from Tel Tel-Aviv University awarded in May 2018 for "exceptional stewardship of Israel's Monetary Policy and economy" etc.
Honorary fellow at the Ruppin Academic Center (Israel), 2019.
Honorary Fellow at the Open University of Israel, 2021

Teaching Experience:

Labor Economics, Columbia University (1983)
Labor Economics, The Hebrew University of Jerusalem (1988–90)
The Israeli Economy, The Hebrew university, (2019-present)

Languages: Hebrew, English, Spanish, Polish.

Publications

Refereed Journal articles

Flug, Karnit (2016). "Central Banks and Policy Tools: Conceptual Changes as a Result of the Global Financial Crisis." *Israel Economic Review* 13(1): 79–89.

Flug, Karnit and Nitsa Kasir (Kaliner) (2006). "The Single Parent Law, Labor Supply and Poverty." *Israel Economic Review* 4(1): 59–110.

Flug, Karnit and Nitsa Kasir (Kaliner) (2003). "Poverty and Employment, and the Gulf Between Them." *Israel Economic Review* 1(1): 55–80.

Flug, Karnit and Zvi Hercowitz (2000). "Equipment Investment and the Relative Demand for Skilled Labor: International Evidence." *Review of Economic Dynamics* 3(3): 461–485.

Flug, Karnit, Antonio Spilimbergo, and Erik Wachtenheim (1998). "Investment in Education: Do Economic Volatility and Credit Constraints Matter?" *Journal of Development Economics* 55(2): 465–481.

Flug, Karnit and Nitsa (Kaliner) Kasir (1995). "The Absorption in the Labor Market of Immigrants from the CIS — the Short Run." *The Israel Economy Quarterly*.

Flug, Karnit, N. Kasir and S. Ribon, "Unemployment and Education in Israel: Business Cycles, Structural Change, and Technological Change, 1986-1998," *The Economic Quarterly*, in Hebrew, October 2000.

Flug, Karnit and Nitsa (Kaliner) Kasir (1993). "Labor Costs in Israeli Industry." *Israel Economic Review* 67: 21–44.

Flug, Karnit and Oded Galor (1986). "Minimum Wage in a General Equilibrium Model of International Trade and Human Capital." *International Economic Review* 27(1): 149–164.

Chapters in edited volumes

Flug, Karnit, "Policy Analysis in the Bank of Israel" in: "Policy analysis in Israel" Gila Menahem and Amos Zehavi Eds. *The University of Chicago Press* (2016)

Flug, Karnit, Nitsa (Kaliner) Kasir, and Gur Ofer (1997). "The Absorption of Soviet Immigrants into the Labour Market: Aspects of Occupational Substitution and Retention." In *Russian Jews on Three Continents – Migration and Resettlement* (Routledge).

Flug, Karnit and Nitsa Kasir (Kaliner) (1996). "Short-Run Absorption of the Ex-USSR Immigrants in Israel's Labor Market." In Carmon, Naomi (ed.), *Immigration and Integration in Post-Industrial Societies* (Palgrave Macmillan).

Books

Braude, Jacob, Zvi Eckstein, Stanley Fischer, and Karnit Flug (eds.). **2012.** *The Great Recession: Lessons for Central Bankers*. Cambridge, MA: The MIT Press. (Hardcover ISBN 978-0-262-01834-0; eISBN 978-0-262-30592-1).

Working papers

Flug, Karnit and M. Strawczynski "Persistent Growth Episodes and Macroeconomic Policy Performance in Israel" (with), *Discussion Paper No. 2007.08* 5

Flug, Karnit; Antonio Spilimbergo; and Erik Wachtenheim (1996, 1999). "Investment in Education: Do Economic Volatility and Credit Constraints Matter?" Inter-American Development Bank working paper versions.

Flug, Karnit and Zvi Hercowitz (1996). "Equipment Investment and the Relative Demand for Skilled Labor: International Evidence." Inter-American Development Bank working paper version.

Flug, Karnit; Zvi Hercowitz; and Anat Levi (1994). "A Small Open Economy Analysis of Migration." *Bank of Israel Working Papers* 1994.04.

Flug, Karnit and Nitsa Kasir (Kaliner) (1993). "Absorption in the Labor Market of Immigrants from the CIS — the Short Run." *Bank of Israel Working Papers* 1993.09.

Oded Galor and K. Flug, "Labor Unions Objectives and Optimal Wage Policy in a Dynamic Setting," *Brown University WP #86-22*, September 1986.

Oded Galor and K. Flug, "International Trade and Human Capital: A Geometric Note" *Brown University WP #84-22*, October 1984.

Other publications (policy papers)

Flug Karnit , Margalit Yotam , Hirsch Zak (2025). "Those Left Behind: Intergenerational Mobility and the Poverty Trap in Israel". Israel Democracy Institute.

Flug, Karnit and Roe Kenneth Porat (2025). "In the Shadow of War: Aggregate Budget, Spending Priorities, and the Implications of an Increased Security Burden". Israel Democracy Institute.

Flug, Karnit, Tzachi David, Roe Kenneth Porat (2024). "Financial Aggregates and New Budgetary Priorities for Israel". Israel Democracy Institute.

Flug, Karnit, Daphna Aviram-Nitzan, Yarden Kedar, Nadav Porat Hirsh (2024). Policy Paper 193 "Activity Guidelines for the Employers and Human Capital Development Administration". Israel Democracy Institute.

Flug Karnit, Hirsch Zak, Margalit Yotam, Noam Yechiel (2023). "High-Tech as a Path to Intergenerational Mobility", Israel Democracy Institute.

Flug, Karnit, Nadav Porat Hirsh, Roe Kenneth Porat (2023). "The Cost of Living in Israel: What do the Numbers Say?". Israel Democracy Institute.

Flug, Karnit and Criss Towe (2020). Chapter in "Evaluation Report of IMF Advice on Capital Flows".

Flug, Karnit and Amir Shpitzer (2013). "Rethinking Exchange Rate Policy in a Small Open Economy: The Israeli Experience During the Great Recession." In *Sovereign risk: a world without risk-free assets?* (BIS Papers No. 73), pp. 189–204. Bank for International Settlements.

Braude, Kobi and Karnit Flug (2012). "The Interaction Between Monetary and Fiscal Policy: Insights from Two Business Cycles in Israel." In *Fiscal policy, public debt and monetary policy in emerging market economies* (BIS Papers No. 67), pp. 205–215. Bank for International Settlements.

Fischer, Stanley., & Flug, Karnit. (2007). *The role of rules in fiscal consolidation: Fiscal rules in Israel since the 1990s* (Unpublished manuscript). Bank of Israel. Prepared for the Euro-Mediterranean Conference organized by the European Central Bank and Banco de España, Valencia, Spain, March 28, 2007.