

**UNIDAD EDUCATIVA PARTICULAR JAVIER**

**MONOGRAPH**

**INFLATION IN ECUADOR IN THE LAST 20 YEARS. CAUSES, IMPACT AND  
CONSEQUENCES.**

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### **Gratitude**

I thank all my friends, family and teachers for giving me the opportunity to expand my fields of knowledge, guiding me through a path full of learning and despite all the difficulties I could always count on their unconditional support for me to make this monograph.

## Summary

In my monograph we are going to present inflation for the last 20 years, we will analyze all the factors that encompass this subject such as the crisis of 1999, the official exchange rate to the American dollar and finally new ways in which trade is developed through trade with more accessibility and freedom for all and above all to develop electronic fields to optimize jobs. In 1999 Ecuador suffered a strong financial crisis due to a low average in the fields of the country's welfare, the price of the largest exported product was also at a low price, of course it is worth mentioning that due to this crisis there is a massive wave of migration of approximately 700,000 Ecuadorians due to latent unemployment that was approaching rates of up to 17% that would be a considerably high percentage to be a country with a population of more than 9'000,000 people. Later we will be able to review in depth the impact that dollarization had during the following years after having adopted it, as for example the main one could be named to the elimination of the speculation of the price of objects of value, provisions, properties because the dollar had a reserve and it could be understood that the prices of these goods would be based on what the market demanded and consequently the reduction of inflation to international standards would be given. And finally in the way in which Ecuador can develop more through a modern capitalist scheme in which the freedom of trade is through the use of supply and demand that society imposes in order to meet needs with the state performing practically a minimal role of regulator to create a certain type of competition between the state and private giving more openness to privatization for

progressive economic growth and make Ecuador consider the possibility of opening up to industrialization to improve in the economic sphere.

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## **Introduction**

The present monograph entitled Inflation in Ecuador in the last 20 years shows the analysis of the beginning of the inflationary phenomenon experienced in the country because of constant speculation and overpricing generated by the fall in the value of the sucre. For that reason Ecuador had the necessity to make a transition to the American dollar to avoid a greater economic catastrophe within the country.

The monograph aims to show the different adjustments that the country had to make to cope with the economy and especially to understand what processes were made such as for example the remittances that came to the country from Ecuadorian emigrants and the sacrifices made by Ecuadorians to get used to a dollarized economy in the process. To this end, we will highlight the advantages and disadvantages that dollarization brought to the economy and how this influences the cost of living of Ecuadorians.

For the present monograph the following authors and institutions have been taken as reference. For example to Carlos Larrea in an economic study that was based on the economic situation of people in popular sectors titled "Poverty, dollarization and crisis in Ecuador", also a document of the Central Bank of Ecuador titled "The Ecuadorian economy after 10 years of dollarization" among others.

In Ecuador in 1999 there was an inflationary crisis that forced the Ecuadorian government to change its official currency to the American dollar. With the acquisition of the American dollar, Ecuador had to formalize this change because there were informalities within the nascent dollarization. Therefore, once stabilized, inflation stabilized until it reached very low levels, becoming one of the countries with inflation below 1.5% in 2016.

The monograph consists of three chapters: The first is going to be about the economic deficit experienced in 1999; the second chapter deals with the historical change of dollarization in the country, the impact of dollarization within the country, the transition from informality to the formality of the dollar and its advantages with the disadvantages brought by these measures; and the third chapter gives an overview of options by which Ecuador could get out of the economic downturn by which it lives and begin to attract investments with different alternatives in the technological field.

## **Chapter I**

### **Economic deficit in 2002**

#### **1.1 Introduction**

##### **1.1.1 Change of the sucre to the dollar.**

The adaptation of the new model of monetary exchange in the country was not only a change based on the economic situation, because also the political and social situation suffered a change in the country. An important reason to frame why the change of the Ecuadorian sucre was changed to the American dollar was that the dollar brought to the country a new air in the sense that the price to the consumer was more attached to international prices than if they carried a measured inflation.

##### **1.1.2 Speculations and flotation in the economy.**

Speculation about how much the sucre would be devalued in 1999 was very tense due to two factors, the low price of Ecuadorian oil and also because of the monetary devaluation suffered by Brazil in January 1999 that led the central bank of Ecuador to change its style of exchange band that referred to reach the maximum rate of sale of dollars in the country or if not in the minimum rate in which it did not allow the local currency not to be inflated or devalued so much, but after that intermittent system decided to let the currency float.

"Flotation created new problems, because the sucre depreciated rapidly to around 13,000 per dollar, intensifying the problems of many banks, (...). The government responded by declaring a bank holiday on 8 March" (Schuler, 2002, p. 6). This generated a great revolt, the Ecuadorian population had the two most agitated years because the government began to reduce subsidies and raise tariffs in the belief that this would help to lower the alarming levels of inflation but this initiative could never materialize.

### **1.1.3 Consequences.**

This crisis led Ecuadorians to a massive wave of migrations that took the United States, Italy and Spain as their main destinations, Ecuador had a rate of more than 700,000 compatriots who left the country in search of new opportunities abroad. Making an evaluation of the unemployment that affected the country in the three most important cities (Quito, Guayaquil and Cuenca). Unemployment went from 8% in 1998 to 17% in the middle of 1999 and if we talk about urban poverty it is estimated that from 36% to 65% in the years mentioned above. Another of the evils that led Ecuador to a disaster before the banking crisis was the lack of competitiveness in export products, the predominance of primary goods (cocoa, bananas, shrimp, oil). Larrea C. (2004) expresses:

“They reflect structural problems of competitiveness that have affected the Ecuadorian economy (...) as a result of the eminently rentier character of the dominant classes, (...) and more recent factors such as the "Dutch disease" resulting from the oil "boom"(p.25).

Since the dollarization in Ecuador, businessmen and exporters have been able to take a more beneficial and long-term path to competitiveness something that with the sucres that were highly devalued could not be done in their time and take advantage of a stage that if it had been analyzed before and taken action to change to the dollar before, our assets would have had a better fate before the great devaluation trapped and sank their values to the escases and practically the bankruptcy of several banks and impoverishment of the monetary coffers.

### **1.1.4 Remittances.**

Remittances are sums of money that enter the country through citizens who, in this case because of the crisis, had to leave the country to seek better opportunities for their lives, sending money from the country that was welcoming them to Ecuador. Clearly this action was

not going to heal the debts that the country contracted, but it was something that in the social field helped Ecuadorian families a lot so that they could continue to receive help from their relatives abroad and that they could pay for their basic services and above all fight against all the creditors who demanded their payments.

"Remittances help combat poverty directly by improving the income of the lower-middle sectors (...) indirectly by stimulating commercial and service activities" (Palacios, 2010, p.18).

The negative thing about remittances is that when families are quite comfortable with this form of income, a spirit of consumerism can be created and at the same time more activities can be created that lead to activities that are not of production and therefore without income, this can be derived from a way of creating more inflation in a very discreet way and that is why remittances are not 100% for the economic equilibrium of a country.

#### **1.1.5 Destination of the remittances**

Remittances have been a factor that has to be carefully considered in the economy of a country so we must take into account these data Ulloa (2010) Details: "61% in basic household expenses such as food, rent, electricity, water, telephone (...), 17% allocate them to luxuries and 22% to investments: in properties 4%, education 2%, savings 8% and investment in businesses 8%" (p.18). If we add among the expenses of basic services and luxuries the percentage volume that we can appreciate is that 78% of the remittances that go to the families are dedicated for a personal expense, but not in a productive way and with efficiency to distribute them equitably towards investments, in education or to maintain them as a saving that goes destined to a future investment.

#### **1.1.6 Families**

The Ecuadorian families had to change their family structure, when they had to make decisions about who was going to be "sacrificed" to look for the sustenance of the family they chose the member that had higher options to apply in a work of long duration and stability that in this case would be the woman, who had more possibilities of that got a work of the domestic service. Among the previous difficulties, the main one would revolve around the erosion that separation provokes in the couple...no matter how solidly constituted they were believed to be, few were those who hardly managed to foresee a future beyond six or at most nine months of separation. (Fresneda, 2001, p.5) the separations for a prolonged period of time resulted not only in the destruction of relationships or marriages, because in the case of a couple with children, these are the ones who were most affected by the helplessness that existed, the parents went out to look for money and had no choice but to leave their children with grandparents, brothers-in-law, aunts and uncles, and in other cases where the children were older, they were allowed to take a more independent role with the light supervision of an adult. This left as a consequence that the boys have low performances in the school, carry out undue activities to divert their solitude in the absence of their paternal figures and the other consequence is that in the future they have family traumas and do not want to recognize their parents as their main authorities. When a family that has gone through the migratory separation has in sight a regrouping they must be very conscious that it can take a long time in reaching satisfactory results. Re-confidence, union and re-forming a family is not easy because of the long durations of separations or re-adapting to a new system totally different from the country to which the individual has emigrated are factors as I mentioned earlier takes time to synchronize everything. Another problem that could be the way in which people who have emigrated in search of work and want to return to their country of origin seriously

consider whether to return to a stagnant economy, and probably return to fall short on income and savings, are situations that could stop the momentum of a family reunion (Palacios, 2010).

## **Chapter 2**

### **The change to the dollar and its processes**

#### **2.1 Impact of dollarization on the economy**

A general concept of what dollarization was in our economy was the total change of use in our economy, we went from replacing or substituting our local currency for the dollar in the

functions of unit of account, means of payment or exchange and as a reserve of value. This process of currency exchange has two origins by which a country can opt to substitute its local currency by a foreign one, we can cite the case of Panama that by sovereign and autonomous decision adopted the dollar as its main currency. The other case is due to the frequent use of people or companies to the dollar as their currency because they do not have the stability of their national currency, as for example in Ecuador. Ordeñana (2011) tells us:

Some businessmen, economic analysts put a lot of pressure on the issue and did not really do a structural analysis, the answer to why were these analyses not done, when it was explained to define the dollarization? It was basically an emergency measure. (p.166)

This is how Ecuador was able to shelter its wealth in the face of a devastating crisis of high inflation and devaluations experienced in the country, dollarization was the refuge that Ecuador found not to fall any lower in the long term.

#### **2.1.1 Informal dollarization.**

"Logically, a dollarization process first acquires an informal character. That it is a spontaneous process, in response to the deterioration of the purchasing power of the local currency. Agents then take refuge in assets denominated in hard currencies" (Barzallo, 2002, p.22). It consists of three stages: The first is the substitution of assets, in which the individual proceeds to deposit the savings abroad; The second is the monetary substitution that is summarized in that people have methods of payment or means with the dollar or the foreign currency; The third is when the foreign currency is already being quoted products such as cars, houses, services, food, etc.

#### **2.1.2 Formal dollarization.**

Is an extreme measure and makes sense because economic management has caused crises and only a change of course can break inflationary and devaluating expectations. In order to

generate an issue in the bank, it is necessary to be able to change the bills from sucres to dollars, for example, in order to cover the bank's deposits and the famous stabilization bonds that serve to control inflation and give the country an extra amount of money to function.

### **2.1.3 Advantages and disadvantages of dollarization.**

In the advantages we can find that the inflation stabilized to a percentage of only 2 digits which was like a calming for the economy, the interest rates could be regulated and put in an international level that is of 14% assigned for the credits and 8% for the deposits, the saving will be recovered because it gave more credibility, increased the productivity of the companies and gave a better effectiveness in the economic decisions in the long term. While in the disadvantages we can mention that the loss of seignior age was one of the immediate concerns that made the country have a cost of between 35-40 million to produce and distribute the new dollars to Ecuador, the government cannot devalue the money or finance the budget deficit that is always going to have for the dollarization, in the short term the products will be expensive but over time this situation stabilized and the cost of losing a local Central Bank as a lender of last resort, especially for inefficient banks.

## **2.2 Savings**

While in the early years the effect of the dollarization affected and made Ecuadorians poorer by the little purchasing power that was achieved in the midst of the conversion of sucres to dollars. It was said that those most affected to save were the savers and retirees who survived the interest rates, but in reality under the old system were losing large sums of money by relying on bank rates (Barzallo, 2002). This was something that led to a wave of protests. This can be considered a fraud because it was known that to finance the network of debtors the

banks damaged the network of savers with interest rates that did not go according to the inflation lived in the country.

### **2.3 Cost of living in Ecuador**

The cost of living in our country is not something that one can be so calm about, as a dollarized country we have our advantages but at the same time we must know that a basic basket can surpass what a worker generates in the basic salary, something that the inflation of products and the high import rate that still exists in the country is a situation of which Ecuadorians have to have a good balance within their home.

#### **2.3.1 Accommodation.**

Accommodation in Ecuador compared to other countries is cheap, for example if we want to rent a flat with three bedrooms and two bathrooms as a base for a family who wants to settle in an apartment the price of rent would be around \$250 and \$450, not bad when starting a project. If we change the case and put a student, single and childless this boy could get an apartment rented for \$150 a month.

#### **2.3.2 Food.**

In order to be able to eat in Ecuador one does not have to complicate much, Ecuador has a great variety of local food that can offer you a lunch from \$3 as minimum and a maximum of \$12 if we are talking about the expensive zones in the country.

#### **2.3.3 Transportation.**

Public transport in Ecuador also has the great advantage of having a fairly low cost, for example in Guayaquil (metro) or Quito (trolleybus) the cost of a single ticket with which you can travel the city express without paying extra stops would be \$ 0.25. When we make use of the service of a taxi the minimum value of a race goes from \$1,50 a race that has a fixed

schedule of 6 in the morning until the 7 of the night, happening of that hour the tariff can increase up to 1,75 or more in what would be already considered a night race. On holidays, taxi drivers tend to raise fares as well. In one month we can spend \$50 or \$60 on public transportation in Ecuador.

#### **2.3.4 Education.**

The right to education in Ecuador is a high-cost subject in the area of basic services. There are public educational centers for which parents of students do not have to worry about tuition, pension or items for which the state is responsible, the same with universities that the cost of being able to study is minimal. In the private sector there are normally schools that offer from \$70 (something that is not very common) up to \$2000 in pensions, while in the universities the prices are raised from \$800 to \$4000 in pensions.

#### **2.3.5 Health.**

The country has a public health system such as the IESS in which you can affiliate. If you want to have more support and security with your right to health it is important that you can acquire a medical insurance that can go from a minimum value of \$45 with the basic services of medical assistance, the speed in it, the international coverage that will offer you more flexibility of schedules that you should always consider.

## **Chapter 3**

### **New Ways of Development and Digital Commerce in Ecuador**

#### **3.1 Capitalism in Ecuador as an opportunity for change**

Capitalism is a system that seeks above all factors the increase of economic income of a country reaching a maximum level of objectivity that aims to bring the nation that adopts this system to levels of economic development.

Viable for their inhabitants and that they sustain a model of the Ecuadorian economy in a term of 10 to 20 years seeing the future generations adapting to the economic models such as those of Switzerland, Norway or the United States being the Maximum exponent of the current capitalism.

The capitalist modernization in the Ecuadorian style does not, of course, have an obvious reality: the gringo metropolis, the European metropolis and the brand new Chinese have assigned us the sad role of suppliers of raw materials in their design of work distribution. So

the long-awaited modernization inevitably stumbles upon that obstacle: we cannot get out of it and are rather returning with force to the repressing of the economy.

A free trade agreement was signed with the EU, after having denounced these treaties as nefarious and enslaving - which they are. It would seem that the great leader says, without saying so, that they were the whims of his youth. A modernizing project that, with its change of productive matrix, sets in motion another virtue of capitalism: higher education that guarantees qualified technicians. They, the ones elected by the CENECYT and the CES, say they will guarantee the entry of state-of-the-art technology, knowing that the metropolis takes care of those secrets like the jewel in the crown. It therefore leaves aside any philosophical and epistemological alternative that is not the coming of Euro centrism. Because the sensible proposal of the Indians who cry out for balance with nature, taking from it what is strictly necessary for a good life, is retrograde.

### **3.1.1 Incentive to competitiveness within the country and investment policies.**

The public and private sectors should form certain types of competitive alliances, a change has to be made to make the public expenditure is optimized for this to pressure the prosecution so that more ground is given to private investment and Ecuador has a system that can be taken advantage of by private investment and the competition that would come to be the government itself to create the driving environment of the economy. "The combination of a competition-driven economy and a strong public sector has demonstrated its benefits" (Berntsen, 2019, p.3). This system is applied by Norway and today Norway has a social democratic system, a system that Ecuador could perfectly adapt as a pre-capitalism in order not to make the transition more agitated for the Ecuadorian population.

### **3.1.2 Eliminate income tax (IR).**

If the advance on income tax is eliminated it would give a boost to competitiveness, it would bring more liquidity to the export sector adding that it is very important for foreign markets to give more openness to foreign investment entering the country which would create a great support for exports. This strategy would practically mean that with the elimination of the tax, foreign investment can inject greater dynamism into the economy and, above all, widen the margin for non-oil exports to begin the transition to being a multifaceted country in terms of exports, or at least strengthen the others we have.

### **3.1.3 Changes in the code of production laws.**

Tax laws and production laws need to have a readjustment to achieve a short-term change and reactivate foreign investment to create such a public-private partnership, what we can ensure is that once all laws are adjusted that have been affecting small or medium enterprises that are emerging will bring more relief to entrepreneurs in terms of tax laws. In the medium term, what should be done most is to facilitate hiring, corporate reforms, procedures and other factors that encourage competitiveness and productivity.

### **3.1.4 Disciplined public accounts.**

For Ecuador, the consolidation of the economy will allow us to see the reality of income and expenditures. Practically this is measured by the non-financial public sector (NFPS) corresponding to the following entities: the General State Budget, the Development Bank, the Ecuadorian Social Security Institute (IESS), the Social Security Institute of the FF AA (ISSFA), the Social Security Institute of the Police (ISSPOL), the GADs (Municipalities, Prefectures, Parish Councils), and the Public Enterprises (Petroecuador, Petroamazonas, TAME and others). With the verification that the mentioned entities give total transparency on

their accounts this would give a clearer study on what is spent and on how the money enters the coffers of the state, thus giving a greater clarity and quality so that the public institutions offer confidence to the citizen and therefore this represents a consolidation in the country.

The deficit is pronounced in a country when expenditures are higher than revenues while the surplus is when revenues are higher than expenditures. The primary surplus exists when expenditure without interest is below total income; that is, the country saves to pay interest. In the aforementioned Letter of Intent, the primary surplus of \$1.657 billion in 2018 will reach \$6.034 billion or 5.5 percent of GDP in 2021. This would be an extraordinary option for structural reform of radical transformation in fiscal management with positive effects for investment, growth and job creation.

The changes in the social, economic and political behaviors in favor of the postulates of the development, demand a meticulous pedagogy on the part of the State and of the representative elites of the society... it will be an important step so that the society appropriates the economic and fiscal program, understands the reality of Ecuador and assumes the cost of the imperative corrections. (Carrera, 2019, p.8)

Clearly what is sought to induce is that the national economy returns to be a motive of confidence on the part of the consumers, to create solid competitions between products brought from abroad and national products in order to create a constant competition and of course that this action would give more dynamism to the economy and will grow the consumerist impetus in the country, what in about 5-7 years the country should assume this change with much disposition to change to readjust economic measures for a more developed and less indeterminate Ecuador.

### **3.2 Introduction of E-commerce in Ecuador**

In 2017 alone, online transactions generated 800 million dollars in the Ecuadorian market and 35% are regular users who make some kind of purchase in virtual stores. The figures would be higher if we consider the international transactions made with platforms such as Amazon, Walmart or Alibaba (Tabares, 2018). This gives us the perfect signal that we are facing a boom in terms of a market that goes for billions of dollars.

The Internet users in Ecuador who buy the most on the Internet range between 26 and 33 years of age, and some of the purchases they make the most are services, non-personal goods and products for the home, according to the first study of electronic commerce conducted by CECE. Although it is a growing trend, the study indicates that e-commerce has some challenges that should be considered by entrepreneurs who want to enter this industry, such as providing security in the handling and protection of data, consumer experience to make customers fall in love and that businesses adopt this digital tool to sell more.

In Ecuador, no brick and mortar retailer or physical store has more than 2% of its total online sales, which has allowed Ecuadorian companies like YaEsta.com to quickly position themselves in the market, as it has a wide catalog of electronic devices, furniture and appliances in the market, with four times more products than its competitors, in addition to reaching all corners of the country, including the Galapagos Islands and small villages in the Amazon jungle through the Internet.

The e-commerce industry is growing more and more and could become much more prosperous and expand as consumers become more and more confident in this purchasing mechanism. But it warns that work must be done to give customers confidence that

transactions are safe and efficient. Undoubtedly this country is emerging as a strong region not only in the services sector, but also in retail, industrial and e-commerce.

### **3.2.1 Challenges and opportunities.**

As a small country of only 16 million people, Ecuador has not developed e-commerce as easily as its neighbors. However, Ecuador has some advantages over the region's more robust economies. Ecuador uses the dollar as its official currency and does not impose so many restrictions on foreign transactions. In recent years, the Ecuadorian government has lowered corporate taxes and provided incentives for local businesses to develop online commerce. In 2014, the Ecuadorian Foreign Trade Committee approved Resolution 23, which establishes quotas and tariffs for products purchased across borders with the intention of boosting the local e-commerce sector. Like Colombia, Ecuador has its own Chamber of Electronic Commerce that encourages the growth of local industry.

E-commerce in Ecuador is just 1% of the e-commerce industry in Latin America. While Ecuador supposedly has the fastest 4G network in Latin America, unfortunately it also has one of the lowest levels of Internet coverage in the region, with only 36% of families accessing the Internet from their homes, and 42% of people accessing the mobile Internet.

### **3.3 Yaesta.com example of E-commerce in Ecuador**

YaEsta was one of the first sites to pioneer the Ecuadorian e-commerce market in 2012. When Alejandro Freund returned to his native Ecuador after studying in Argentina, Italy and the United States, he was surprised to see that there was virtually no way to buy products online. Freund had become accustomed to buying many products online while abroad from sites like MercadoLibre in Argentina. So, with funds from Kruger Labs, Freund and co-founder Martin

Jara decided to help the Ecuadorian e-commerce market grow from scratch and started what would become YaEsta.

Recently, Ecuador's E-Commerce Day in 2017 recognized YaEsta among several other local sites, including LatAm Autos, a site where you can view online classifieds for the automotive industry, and Fybeca, a pharmaceutical chain that allows online shopping. Comandato, a local retail chain, appropriated the award for the best mobile commerce system by allowing customers to purchase products through Whatsapp. Mentioning another local platform that was developed at about the same time as YaEsta is Neverlandmoda, a children's clothing store that was first developed online.

However, most consumers who shop online in Ecuador do so through international sites.

Linio, a Mexican online retail platform, as well as OLX and MercadoLibre, which operate in Ecuador and are YaEsta's main competitors. Some sources claim that up to 98% of Ecuadorian e-commerce purchases come from international sites. However, YaEsta remains at the forefront of most international companies by focusing specifically on the Ecuadorian market, much like 99Taxis defeated intense foreign competition in Brazil with its strong regional concentration.

If the most challenging challenge for e-commerce in Ecuador today is convincing customers to buy online, one can only imagine what YaEsta faced six years ago. Freund and Jara originally built a site similar to Groupon's, but eventually went on to sell household products, clothing and appliances at a discount. At the time, YaEsta was called [Revolucionatuprecio.com](http://Revolucionatuprecio.com) and primarily helped small producers sell their products online and reach a wider audience.

Today, YaEsta has a team of 25 people in Quito and is generating more than \$3M in sales each year. Having raised a round of US\$3M Serie A last year, YaEsta is taking a strong position in the Ecuadorian e-commerce market.

## **Conclusions**

1. In Ecuador there has been a very varied inflationary process in times when rates have been low and at the same time there have also been high rates. The effort of the passing governments to control this phenomenon has had great difficulty to be controlled in the long periods of time present very short cycles of deceleration and very long cycles of acceleration.
2. The increase in demand, the increase in circulation, the increase in imported products, among other causes are causes that give rise to inflation that can be uncontrolled if precautionary measures are not taken. We can also count other causes of the economic agents with whom the fixed income is received, or who have fixed investments within the financial sphere, salaried persons, tenants, clearly in those persons who receive very low remunerations.
3. Dollarization was and continues to be a very important weapon or tool that helped control inflation and managed to give less impact to the political effects on services or goods. But dollarization is also not going to save the country from many more because it is composed of an economy with price regulation.
4. Families are the sector that is most affected by the rise in the price of products and due to its social effect in directly affecting the purchasing power of families and the population in general, this can affect the decrease in the level of quantity of demand and sometimes restricts it in certain products such as food that are often difficult to obtain and cause the standard of living to be reduced.
5. Another factor that led to inflation in Ecuador has been manifested by internal factors that the country as for example public spending in the last three years where the government of Rafael Correa appears alliance country. Due to an external factor such as the increase in

the prices of food and raw materials, the international crisis also affected the inflation of products in the country, the movements of the American dollar, etc.

### **Recommendations**

1. This monograph is intended to be read objectively and to understand better.
2. It seeks to expose the economic situation of Ecuador during the period from 1999 to 2019.
3. It would be good to read more about inflation in Ecuador to better understand the text.

4. It is important for the reader to be attentive to the entire text so that there are no misinterpretations and not to lose sight of an important piece of information within this text.
5. It is important to know more about the 1999 economic crisis or "bank holiday" in order to better understand Chapter 1 on this subject.
6. It is important to understand more about the extinct Ecuadorian sucre that had much to do with the country's inflationary process and how inflation rates could not be controlled.
7. This monographic work also explains in detail the various possibilities in which the Ecuadorian economy can re-emerge and increase its productivity.
8. This monographic work encourages readers to get a better idea of the context in which Ecuador lived in the transitions from its official currency to the U.S., as well as how this transition affected inflation in the country and finally how it has been developing.

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