

The Solidarity Economics in Ecuador

The Solidarity Economics in Ecuador:

*Proceedings of the 3rd
International Congress
on Economics*

Edited by

Alexandra M. Espinosa
and Rafael Burbano R.

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3RD INTERNATIONAL CONGRESS ON ECONOMICS

ALEXANDRA M. ESPINOSA¹

The 3rd International Congress on Economics was an event devoted to scientific sharing on theoretical and applied economics. In this edition, the Congress was focused on current topics in the field of popular and solidarity economics, the well-being and the mathematical economics studies. This bizarre combination of subjects led to an exquisite collection of works. In total, 85 papers were accepted, with 78 final presentations, divided into 22 parallel sessions, the results of solid research: 86% of participants presented full papers.

This event is part of the research activities organized by the Department of Mathematics of Escuela Politécnica Nacional in Ecuador. The department was created in 1975 based on the cooperation of the French and American governments. Since then, the Department has contributed to the formation of mathematicians, applied mathematicians and economists. After the educational reform in 2010, the department strengthened research and postgraduate studies and currently it has a staff of about 50 academics.

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LABOR MARKET PERCEPTION REGARDING THE IMPORTANCE OF NON-VERBAL COMMUNICATION

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RAFAEL ALBERTO ITURRALDE SOLÓRZANO²
AND MARGARITA LEÓN GARCÍA³

Abstract

This paper analyzes the role of non-verbal communication in the labor market in particular, for hiring managers. Under the hypothesis that non-verbal communication is important for these managers, this study conducts a survey which asks employers about the importance of non-verbal communication in the selection of directors and, mainly the management of human resources. The sample selects companies that maintain a permanent working relationship with graduates and students of the ULVR. The results show that most recruiters consider that non-verbal communication is an important characteristic and, consequently universities should include specific training aimed to develop this ability.

Keywords: non-verbal communication, labor market, management

JEL Codes: J53, M51, M54

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Introduction

The professional success of students majoring in business management depends on acquired knowledge and attitudes. Therefore, the way in which individuals relate to others, and how we communicate ideas, verbally and non-verbally through actions and gestures are really important. A good professional should be a good communicator or at least competent to communicate ideas. Communicative competence is defined as the ability to use communication channels appropriately in different social and work situations. Communication is a social process of interaction. It is useful to exchange experiences and knowledge through a system of codes and messages. Then, business managers should face different challenges in their professional environment. So, they should learn to work together, either as a member or as a leader, assimilating different attitudes and cultures.

The role of non-verbal communication has recently attracted the attention of the communication of professionals. This type of language is essential in the business world to achieve adequate personal relationships inside groups, teams or organizations, and to persuade customers and investors. Thus, the objective of this work is to know if non-verbal communication is an important matter for business managers. Non-verbal communication has the following categories: paralanguage, proxemics, chronemics, kinesics and social norms (Sorolla 2010).

The importance of non-verbal communication is allowing access to emotions (Goleman 2001). The effectiveness of this type of communication depends on the ability of the emitter-receptor to express and capture non-verbal messages, for example, by tone of voice, gestures, facial expressions, and others. For instance, Torres Perez and Cuevas (2005) indicate that a considerable part of delivered messages uses non-verbal communication channels. Despite this importance, management training does not usually include non-verbal communication as a skill linked to the practice of their profession. This paper aims to know the perception of business managers regarding the importance of non-verbal communication skills using data obtained from interviews with graduates of the Universidad Laica Vicente Rocafuerte (ULVR).

Methodology

This article considers as a hypothesis that business managers should be qualified to use non-verbal communication. Thus, the null hypothesis states that it is important for employers that the professional has the ability

to communicate through non-verbal language. The importance is measured in terms of the relevance that companies give to this ability when selecting a manager.

The variables that reflect that importance of non-verbal communication in the process of selection of executives are collected by surveys of managers responsible for hiring managers and especially for the area of the management of human resources. The sample selected accounts for companies that maintain a permanent working relationship with students of ULVR.

Sample and population. Management studies have 977 students, 40% of them work as employees in private enterprises, so the population or universe of this study is 391 companies where students from ULVR work. The minimum sample size can be calculated using the following formula:

$$n = \frac{N\sigma^2Z^2}{(N-1)e^2 + \sigma^2Z^2} = \frac{(391)(0,50)^2(1,65)^2}{(391-1)(0,10)^2 + (0,50)^2(1,65)^2} = 58$$

Assuming that the population size is $N = 391$, the probability of selecting an individual is $p = 0.5$, and the confidence level is 90%, i.e. under normality $Z = 1.65$.

The procedure to achieve this minimum sample was the following: a) 100 students working in a permanent position of a private company were selected randomly; b) in order to assure the representativeness, students of different academic levels were selected, among other aspects. Also, 61 from 100 students got the questionnaire fulfilled by the manager, assuring a sample larger than $n = 58$.

To design the questionnaire, we defined the meaning of “training in non-verbal communication”, and we constructed a set of indicators to evaluate this information. With these definitions, the survey was designed to collect the data needed to construct these indicators: volume of voice, intonation, fluency, clarity, talk time as well as the speed (or rhythm), using silences and pauses in speech gestures, facial and body expression, eyes, smile, posture and gait according to the communicative situation; the degree of intimacy or formality of the relationship, the degree of proximity and eye contact with the speaker, personal appearance, manners at social events, and adapting to the characteristics of the cultural context of the event. In addition, indicators of verbal communication such as the capacity of synthesis, time management in the speech, and the proper use of support resources (catalogues, brochures, posters and slides) were evaluated.

Selected students were trained on these definitions of non-verbal communication and on the procedures for conducting the survey. The results were tabulated and analyzed.

Results

Overall, 83% of respondents said that training in non-verbal communication is important or very important in the performance of their profession, 11% of employers consider that this type of communication is of medium importance, and only 5% believe it is not important or of little importance.

Results for dimensions. Regarding the paralanguage dimension (the volume of voice, intonation, fluency, clarity, talk time, speediness, and the use of silences and pauses), 61% of the total answered that they think that this dimension is very important or important; 8% of respondents said that this dimension has medium importance; and, only 4% did not consider it important.

Regarding the kinesics dimension (gestures, facial and body expression, eyes, smile, posture and the degree of intimacy or formality of the relationship during the conversation), the results show that 49% and 35% of employers considered this dimension very important or important, respectively; 11% gave it medium importance; and 3% said that it is not very important. No employers considered this dimension unimportant.

The results for the proxemics dimension (the degree of proximity to the interlocutor, visual contact with the speaker and personal appearance), show that 67% and 25% of employers thought that proxemics characteristics are very important or important, respectively; 5% of respondents felt that it is of medium importance; and 4%, thought that this dimension is less important or not important.

The chronemics dimension includes indicators of the ability of synthesis, time management in the speech, and the appropriate use of support resources such as catalogues, brochures, posters and slides to communicate. The results indicate that 64% of respondents believed that chronemic characteristics are very important, and 21% believed that they are important; 11% gave them medium importance; and 4% considered them less important or unimportant.

Finally, the results in the dimension of rules of conduct (walking according to the communicative situation, manners demonstrating social events, and the individual's adaptation to the characteristics of the cultural context) show that 54% and 26% of respondents indicated that these characteristics are very important and important respectively; 15% gave

importance to the rules of conduct; and only 5% did not attach importance to this dimension.

Conclusions

The results show that employers consider the following important features: speed and rhythm in speech, facial expressions, and posture, eyes and attitudes in social events. These aspects were considered very important by at least 30% of respondents. The other indicators were rated as very important by most employers. Thus, the results obtained in this study indicate that we cannot reject the null hypothesis that non-verbal communication is important and, therefore, it is taken into account by recruiters when hiring an employee, particularly for managerial positions.

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THE CUBAN CASE OF PUBLIC POLICY HOUSING SUBSIDIES

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Abstract

The concept of public policy is associated with State intervention in the design of measures to help agents solve social problems. There is consensus on the need to implement policies that help to improve the quality of life of the population, and that encourage local development. Different experts on social issues have carried out analyses that have enriched the theoretical formulations. In fact, it is an important tool used in different areas of the economy such as the labor market, public finance, social and economic development, etc. This paper summarizes some of these results, and the subsidy policy for the construction and repair of houses in Old Havana is evaluated. Then, the goal of this paper is to systematize some conceptual elements that link the public policies with local development and with applicable tools to the Cuban case.

Keywords: public policies, local development, implementation, evaluation, government.

JEL Codes: D13, H24, H71

Public Policies: Theoretical Considerations

The nineteenth century brought profound changes in the formulation of government policies, as until then State intervention was limited to the design of tax mechanisms and national security policies. However, at the end of World War II governments began to develop and generalize a

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considerable number of economic interventions, which led to the first studies on public policy (Kostka 2013). Nevertheless, these studies elaborated in the 1950s in the field of public policy, using empirical methods applied to economic variables, were intended to help policy makers in the decision-making process, rather than in building theories. Thus, the analysis of governance is not consolidated and belonged to a specific field of study until after the 1970s (Kostka 2013).

According to Kostka (2013), the term public policy has several meanings, but from the perspective of social sciences, it refers to the actions that solve specific problems. Subirats (1989) states that the term is often used with the meaning of “to achieve certain purposes” by public authorities. Also, the concept of public policy refers to State intervention in the development of measures to address social problems. Thus, it refers to any public action seeking to influence the society, in order to intervene in those needs and problems that have been detected, and with the aim of generating a positive impact or to change that reality. Then, governments specify and articulate objectives that must be addressed through the implementation of instruments (Bueno 2013, 25). In general, the concept of government is associated with the definition of public agencies; and in the conceptualization of public policy, the State is defined as an agent that develops and promotes policies, in order to obtain results or specific transformations in the social, political and economic areas.

Public Policy Assessment: A Tool for Development

Some societies have developed mechanisms of political and social learning that support the decision-making process for the implementation of policies. According to Imbens and Wooldridge (2009), many empirical questions derived from the social sciences obey the causal effects of these programs or policies. A successful outcome depends on the mechanism of certain factors (Maggiolo and Perozo 2007). Diaz (2013) argues that the application of models or methods of intervention capable of producing valid and reliable information allows the establishment of judgments about what and how to achieve in certain actions.

In the last two decades, many researchers have conducted various econometric and statistical analyses in order to determine the causal effects of policies, which have enriched the theoretical literature on these issues and have become an important tool in different economic areas such as market employment, public finance, social and economic development, industrial organization, etc. (Imbes and Wooldridge 2009). A successful evaluation of policies provides a set of tools that can be used to verify and

improve the quality, efficiency and effectiveness of interventions in the different stages of implementation (Gertler et al. 2011).

Any procedure for the evaluation of a policy must estimate the counterfactual effect, which is to find the result of the program participants, in the event that these participants had decided not to participate. That is, the fact that the individual chooses to participate or not in the program does not alter the final result. It is interesting to see the result of the participation of an individual, but it is important to note that it is impossible to observe the individual in both situations. Therefore, evaluation methods require the creation of a treatment group, which includes people (or individuals) who have received the program, and the results are compared with those of a group that has not received it (also called control group).

The impact assessment is divided into two main categories: prospective and retrospective. The first takes place while the program is being designed and made for implementation. In this category, databases are compiled before execution for both groups. Instead, the retrospective evaluation takes place once the policy is finalized, for an ex-post comparison between the two groups. The prospective evaluation has a decisive effect on the results to be obtained in three directions: a) the *a priori* information collected allows for pre-action programs to achieve certain impacts; b) it provides information to policy makers about the possible beneficiaries and comparison groups, before the implementation and it can be used as a measure of pre-intervention assuring that both groups are equal; and c) it can be used to evaluate the effectiveness of achievement, helping policy makers to decide if the program is open or not.

In conclusion, the prospective evaluation is the best way to estimate the counterfactual effect and to establish clear rules or the proper operation of the program, with regard to the allocation of beneficiaries. Notice that the retrospective evaluation depends on the context, since positive results cannot be guaranteed *a priori*, and the evidences require further discussion.

Public Policies and the Local Development

The public policies to achieve social and economic objectives in a particular region can reach local development if they are designed considering goals such as job creation, tourism as a source of income, infrastructure and housing improvement, and inhabitants' perception of better living conditions: the concept of local development is controversial

and under construction, given the nature of the matter (Mesa 2014). The common elements of most definitions of local development refer to the development of an economy, a society and a local political system, setting them as basic conditions for sustained improvement in the quality of life of citizens.

Local development, seen from its totalizing and systemic approach, recognized as an indispensable component for social and human welfare achievement; spatial and physical planning; governance and social participation; environmental sustainability and cultural identity, can be understood as process oriented, i.e., it is the result of the action of actors or agents who influence (with their decisions) the development of a given territory (Mesa and Leon 2014).

These decisions can be taken at the local level or at another level (national or international), in programs that have an impact on local development. The pre-eminence of the decisions of local actors, above other decisions does not respond to local interests and defines a local development process (Arocena 1995). In this concept, the territory is considered a player, and includes not only the physical environment, but also social actors and organizations, local institutions, local culture and historical heritage, among other basic aspects (Alburquerque 2001).

This study takes the view that local development is a multidimensional and dynamic process concerning the political, social, environmental, technological, cultural, urban and regional economic levels. Therefore, it is associated with processes such as the growth of production and the utilization of the surplus to satisfy local interests; technical progress; the equitable distribution of collective and individual opportunities; the protection of natural resources and the environment; the organization of the local society as well as increasing the quality of life of its members (Herrera 2013).

Thus, public policies trigger a set of activities that can contribute to improving the quality of life of the community and local and urban development, even though this is not its original purpose. Included among these actions are those related to housing development; the improvement and maintenance of roads; the availability of new cargo and passenger transport for workers and other inhabitants of the town; creating new sources of jobs and the training of the workforce; improvements in technology; and water, electric and basic sanitation to the most intricate areas of the community (Mesa 2013).

From the 1980s onwards, the public programs implemented in the cities or urban policies have taken a considerable weight, focusing proposals on conservation and the reuse of existing assets (Mella 1998). In

particular, housing development has been widely implemented by various programs in Spain and the EU, in order to revive the market with new construction, mitigating unemployment and promoting public housing. These programs have been refined and redesigned in order to expand financing and extend the number of beneficiaries (Mella 1998, 592-598).

The Cuban Case

In Cuba, from the point of view of public policy, the treatment of the subject is small. The various areas of study have referred to these as problems or social policies. Ferriol, Therborn and Castiñeiras (2005) note that social policy comprises a set of objectives and measures aimed at improving the quality of life or well-being of the population. Thus, social policy is concerned with evaluating social outcomes, including the study of social institutions and their functions, and their content varies among countries. In particular, social policy in Cuba also includes food, housing, water and sanitation, education, culture and sports (Ferriol, Therborn and Castiñeiras 2005, 145-212).

Since the revolutionary triumph, the Cuban government has implemented policies that have had impressive social achievements such as reducing child mortality, the eradication of illiteracy, increasing life expectancy at birth, and equal access to opportunities, among others (Diaz 2013). With the approval of the Organs of People's Power, after the conclusion of the first Congress of the Communist Party of Cuba in 1973, the first actions began in the area of local-local. These are taking strength, slowly and gradually, in some localities.

Later, with the advent of the "special period" began the process of finding alternatives and solutions to the crisis. Among the set of transformations undertaken by the State, support is emphasized for local development (Mesa 2014), from municipal governments with the participation of other institutional and national actors. The impetus to this process is the adoption in 2004 of the document Municipal Local Development Initiatives (MLDI), which strengthens the regulatory framework governing the actions that promote the development of the territory.

However, the weaknesses identified in the MLDI led to the need to find solutions that strengthen the local development processes (Herrera 2013, 159), using a holistic approach to the design of new instruments, called the Integrated Development Plan of the Municipality (PDI). In this, it is stated as a general objective: "To involve local governments in their development strategies, from decentralizing functions in order to contribute

to increase the capacity in management, aimed at strengthening the productive base" (Herrera 2013, 63-69). A distinctive feature of the PDI is the management of municipal governments with the participation of universities as an interface thereof, of State institutions, international agencies and the networks of multiple actors.

Currently, the guidelines that define the major transformations taking place in Cuba, in the process of updating the model, propose major changes in the PDI (Garcia and Hidalgo 2013). This document establishes guidelines governing the construction sector (L 287-291) and housing (L 292-299), demonstrating the priority of both. However, the formulation of public policy in general and in particular focuses on solving urban problems, and is a pending issue on which there are no explicit formulations.

In line with these guidelines, the Cuban government has generated actions to promote the proposed changes and raise the population's standard of living. These actions include the formulation of programs for the construction and improvement of national infrastructure, the extension of utilities (water, electricity and gas, mainly), wage increases in the health sector, the adoption of rules for granting subsidies to individuals who wish to undertake housing improvements, and the development of postgraduate courses on public administration aimed at government cadres and the State, mainly in the provinces of Artemisa and Mayabeque, among others.

Notice that all these policies are designed at the central level, and not for a specific area. Although not explicitly intended for local development, these policies have an impact on the development of the area, as they generate, in some cases, sources of employment, the training of the workforce, and infrastructure improvement, and even generate new economic activities that constitute the axes of community development.

Conclusions

Public policies are understood as programs or interventions carried out by an institution with governmental power, the State or local governments, in order to shift the welfare of the inhabitants of a given locality. Social policies are understood as actions to change an economic, political or environmental objective with a strong impact in the social sphere. The design and implementation of economic policies require an evaluation process, whose purpose is to determine effectiveness and give guidelines for policy makers to improve programs and obtain a larger number of beneficiaries. The diversity of criteria and the constant search for more adequate results, lead evaluators to be concerned with improving the techniques used in the evaluation. It has a positive impact in achieving

program designs that are more successful and far-reaching. The study of public policy in Cuba is new and requires theoretical contributions and the development of appropriate tools for evaluating the Cuban case. The link between public policies and social development is recent and of utmost importance for theory and practice in the current Cuba. With this aim, this paper summarizes concepts to encourage research in this field, and the discussion and development of new proposals.

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EMBEZZLEMENT, BUDGET AFFECTATION AND RIGHTS INFRINGEMENT

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Abstract

Embezzlement, regarding harmfulness, infringes civil public rights and fidelity compliance by the custodian of the State assets. The guilt of presumed authors must be proven at trial, both its constituent elements, such as criminal responsibility and its harmful effects which are expressed materially in the amount of the budgetary affectation. The damage inflicted is initially verified in the financial year of the occurrence of the crime, and then in terms of the projects that cannot be carried out as long as either of the following are not done: a) the payment of compensation; or, b) the reprogramming and reallocation of funds. Hence, the embezzlement has a snowball effect that should be considered in the evaluation of the damage.

Keywords: Public administration, criminal law, State, fidelity compliance, repair, fundamental rights, regulatory regulation

JEL Codes: K230, K420, H720, G380

Introduction

Criminal law legitimizes its *raison d'être* from harmfulness, understood as the need for punitive protection based on the intervention of relevant legal

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interests (Mir Puig 2006). In this way, *iuspuniendi* use is legitimate only when it meets such protection (Munoz 2007).

Around the crime of embezzlement, harmfulness has historically had three stages (Donna 2008). In the first, it has stated that its *raison d'être* lies in the protection of the public rights, making it a crime of result by causing budgetary or state assets affectation to be proven at trial (Creus 1998). Then, in the second stage, it has been argued that embezzlement fidelity compliance is sought by the officer-dignitary or public servant responsible for the custody of state property, without being necessarily the affectation to the national exchequer for being a danger crime (Garcia Martin 2011). Nowadays, given the complexity of the criminal phenomenon, the two previous doctrinal positions are insufficient to explain the *criminis iter* in which even several crimes occur—competition of crimes—so, the two previous currents had to be merged, to express that given the nature of the felony both the public treasury and fidelity compliance may be affected. Doctrinal position has also been recollected and developed by case law because of the appeals.

With the full validity of the Criminal Integral Code (COIP) since August 10, 2015, the crime of embezzlement is maintained in this criminal law, with slight variations of the Penal Code (CP) held valid for crimes committed prior to this date.

As stated, the way you view the harmfulness in peculation has an implication on the probative level, because it depends on the justification of its constituent elements and criminal responsibility.

In the procedure, Article (Art.) 309.5 of the Code of Criminal Procedure (CPP) as COIP Article 622.6 establishes as an essential requirement of the judgment: the obligation to make full reparation to the victim-entity public with the determination of the economic amount and tests that have served for this purpose. Rules that are consistent with Article 78 of the Constitution of the Republic of Ecuador (CRE) establish that full compensation includes not only the material but the immaterial. So, in the case of embezzlement, the Court of Criminal Guarantees that issues a sentence shall justify its decision and determine the testimonial, expert evidence, or documentary that has served to fix the quantum of affectation as a result of the crime.

Once the harmfulness and the need for proof are clarified, embezzlement is seen as a crime of result, and is expressed in the amount of compensation which is the budgetary affectation and subsequent violation of rights that this budget seeks to resolve. The affectation of loyalty compliance by the custodian is not guided by the budgetary affectation, as the financial decline is not required in this event. Determining the amount

of compensation is perhaps one of the most significant issues in the probation field and in the debate on trial aspects, as it is the duty of the prosecution to prove it in court either by testimonial, expert and/or documentary evidence.

Par excellence, the test of budgetary affectation in a crime of embezzlement has not been the subject of debate at the trial stage, which is now expressly required by Article 622. 6 COIP, and which implies that the debate will not only focus on facts, evidence and the law applicable to the case for sentencing purposes—according to law proof is required for both the existence of the crime and criminal responsibility, which must come from an active qualified subject—public official-proper embezzlement—and join in participation either another public official or ordinary citizen—improper embezzlement, because of the communicability of circumstances stated in art. CRE 233.

The CP (art. 84) as the COIP (art. 454.4) recognizes probation, so that it can be tested by any means, as long as it is not illegal. Consequently, the amount of compensation can now be supported by testimony, expert and/or documentary proof, unlike the previous scheme in which there was a possibility of proof even through material evidence which has now been eliminated.

In this regard, the report with evidence of criminal responsibility issued by the General Comptroller of the State, initially constitutes a procedural requirement for the exercise of prosecution for embezzlement, as it was well established by the resolution of mandatory enforcement dictated by the Plenum of the National Court of Justice³ and was not repealed in COIP; then this report—documentary proof—and the testimony of those who prepared it can be used to determine: a) the existence of the crime; b) criminal liability; and, c) the quantum of compensation.

The harmful effects of peculation do not only have a financial or material expression that is directly related to the budget allocation of the state institution but its effect is transferred to other areas that relate to public finances and compliance with civil rights that were planned to meet through the budget and require subsequent inclusion or simply non-compliance. It is therefore not a coincidence that the French Revolution has streamlined public finances to determine clearly what and how to spend. This is how the budget rules emerged and later on the budgetary principles did as well (Nava Escudero 2009).

³ Resolution of February 24, 2010, published on Official Register 154 of March 19, 2010.

Articles	Regulatory Body
3, 85, 241, 275, 280, 233	Constitution of the Republic of Ecuador
9, 10, 12, 57, 70, 73, 97, 100	Organic Code of Planning and Public Finance
2.1.4; 2.2.1; 2.2.4.	Technical Standards of Budget

Table 1. Regulations governing state planning and the fulfillment of rights in Ecuador

Thus, investment plans are the technical and financial expression of all programs and investment projects aimed at achieving the objectives of the development regime. While operational plans link the goals and objectives of multi-annual plans with the goals and results of the programs included in the budget, the same plans as in the first phase of programming are defined on the basis of the objectives and goals set by the planning defining annual programs to be incorporated into the budget, identifying targets, final production of goods and services, human resources, materials, physical and financial resources, and the impacts or outcomes expected delivery to society.

In Ecuador, for the consolidation of the Constitutional State of Rights and Justice, the formulation, implementation, evaluation and monitoring of public policies and public services that guarantee the rights recognized by the Constitution, are regulated by: The CRE (Articles 85, 241, 275, 280); the Organic Code of Planning and Public Finance (COPLAFYP Articles 9, 10, 12, 57, 70, 73, 97, 100) and the Technical Standards of Budget (2.1.4: 2.2.1, 2.2.4), whether they are for the central government, autonomous decentralized governments (GADs), bodies that ultimately seek the fulfillment of the rights of citizens through planning and land use planning for achieving development goals expressed in the National Development Plan to which the policies, programs and public projects are subject; the programming and implementation of the state budget; or the investment and allocation of public resources.

From a financial perspective, the budget contributes to stability and economic development (Alvarez, Corona, & Diaz 2007), being an important but not a single articulator of fiscal policy in a dollarized economy like Ecuador. So speculation produces a cascading effect: it affects not only the budget but fiscal policy and the enforcement of rights sought through it.

Consequently, embezzlement as a criminal phenomenon, affects the state budget, or patrimony, programs and projects planned by the central