




# The Influence of Anti-Covid Regulations as a Factor in the Reproduction of the Shadow Economy: Management and Marketing Aspects



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**Abstract** This research analyses the impact of changes and the formation of economic regulations in healthcare in the implementation of antique policies, as a factor in the reproduction of the shadow economy from the position of a structural and reproducible approach to the analysis of the shadow economy. The violation of the established system of control relations in the field of health care in the context of the implementation of an anti-criminal policy, manifested in the transformation of existing and the formation of new economic regulations, should change the structure and volume of the shadow economy in this area. In our opinion, not to see and not to notice the objective trends of the structural and reproducible dynamics of the shadow economy depending on anti-Covid measures is an inexcusable omission of modern scientists of economists, because the transformation of existing and the formation of new economic regulations in the field of health care can help to visualize the abstract world of shadow economic relations with its inherent contradictions and inherent internal logic of development.

**Keywords** Anti-Covid policy · Shadow economy · Reproduction of the shadow economy · Health care · Economic regulations

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## 1 Introduction

Anti-Covid politics in the modern world has taken back the problems of the economy relevant in previous periods.

If the activities of departments to combat the theft of socialist property under the socialist economic system were provided with both class ideology and the methodology of dominant economic thought, then with the market transformation of the domestic economic system, the old methodological base was destroyed, and the new one was formed on the basis of Western scientific views on the problem of the shadow economy.

Thirty years of combating the shadow economy have passed since the initial copying of foreign approaches, a gradual awareness of the national specifics of the shadow economy, the identification of internally inherent and systemically inherent factors in the dynamics of shadow activity.

This allows us to move from empirical research to a deep analysis of the essential relationships and interdependencies of the structural and reproductive dynamics of shadow economic relations in specific areas of the national economy.

Here, it is necessary to clarify, the objective reality of the time of anti-Covid policy measures is a historical analogy of the transformational period of the late twentieth century, precisely because of the transformation of existing ones and the formation of new economic regulations. And the fact that not the entire economic system is analyzed, but only the health sector, this allows us to abstract from the macroeconomic distortions associated with the activities of political forces and the lack of information, but we believe that the scientific results of this study will contain generalizations that will improve the quality of tools for analyzing the shadow economy as a whole.

## 2 Literature Review

As noted above, during the transition to a market economy, ideological attitudes that form a holistic view of the problem of the shadow economy were much lost as a socially dangerous phenomenon.

First of all, at that time, interest in foreign publications by scientists of Soviets analyzing the specifics of the Soviet shadow economy, whose work became available, as a result of the liberalization of economic thought, increased (Grossman 1977; Katsenelinboigen 1977).

The works of these authors served as an intensification of the shift in the scientific paradigm, since they introduced into the scientific discourse the issues of inefficiency of the legal sector of the economy of the socialist economic system and the ethical rehabilitation of participants in shadow economic relations of the Soviet period, as a process of struggle of progressive, initiative market entities with remnants of the

command economy. The authorship of the term is attributed to Gregory Grossman (Grossman 1963).

The result of these studies was a scientific understanding of the objective growth of economic crime on the basis of the wide development of market economic relations and the formation of a system of relations of private ownership of means of production.

The legal approach to the analysis of the shadow economy made it possible to distinguish the illegal sector as an antipode of the legal economy (Makarov 2003).

The scientific analysis of the shadow economy, as economic relations, was extremely scarce during this period, where factors of the dynamics of the shadow economy were revealed from the position of interests, participants in such relations.

I would like to draw attention to the fact that at the first stage, in most cases, the authors fell into a “methodological trap” the result of which was an unnecessary complication of the categorical apparatus and the construction of unpromising schemes for the structure of the shadow economy. We believe that this was due to the narrowness of the methodology of Western authors and the lack of holistic methodological tools that can penetrate the essence of the economic nature of shadow economic relations.

It was on the analysis of the industry specifics (health care) of the shadow economy that the authors focused their attention in this article.

Among the works, the main area of interest in this problem in research can be noted the issues of informal payments for medical services (Fatkhutdinov 2015).

To date, there has been no work on the analysis of the impact of changes and the formation of economic regulations in healthcare, in the implementation of anti-covert policies, as a factor in the reproduction of the shadow economy from the perspective of a structural and reproductive approach to the analysis of the shadow economy.

### 3 Methodology

The tools for analysis of shadow economic relations, in practical application, are based on the institutional concept of market relations. However, in its historical forms, the shadow economy is not limited to market relations.

Firstly, the market form in its integral form is relatively young, although the principles of the market structure can be found in pre-capitalist formations, as lacunar facts of economic ties.

Secondly, in the course of earlier studies, a system of historical forms of shadow economic relations was highlighted: the forms of the previous, emerging ways, and the corruption form, as economic relations of control (Chaplya 2014).

The previous ones include: the primitive community system, the slave-owning, feudal, capitalist, socialist formations (in their historical specifics, and the ideological set of principles of economic management).

Economic regulations in the shadow economy can be both antagonistic and conformist in relation to the legal.

The subject, going beyond the historically defined legal regulation, in the form of an economic alternative, falls into the sphere of shadow economic relations, where the degree of involvement in these relations can be both tightly regulated (organized crime) and be episodic, without high barriers to entry and exit (informal employment).

The methodological basis of this research is based on the information given above.

## 4 Results

The health system in different countries is based on different principles of economic regulations. Market and non-market regulations of the medical services market can be distinguished.

Considering the analyzed sphere from the position of the base coordinate system, it can be noted that it is characterized by the interaction of supply and demand and depends on the type of market.

From this, in relation to the structural and reproductive approach of analysis of the shadow economy in the field of health care, it can be concluded that the shadow regulation is an alternative to the existing economic model.

For example, in the socialist model of healthcare, the shadow practices of interaction included medical services, the demand for which the modern market economy satisfies in the form of legal regulations—paid medicine, which in its physical and cost volume significantly exceeds the volume of the shadow economy in this area under the socialist economic system. Conversely, in the market conditions, condo forms of shadow relations are formed, based on non-market principles of management.

The question is legitimate if the demand for medical services is more fully satisfied in the aggregate of the legal health system (CHI) and subjects of paid medicine, why has the shadow economy in health care not disappeared?

The disclosure of the nature of the forms of the shadow economy allows us to identify the trends in the structural and reproductive dynamics of the shadow economy depending on anti-policy measures in the field of health care.

We will reveal the objective side of shadow economic relations through an analysis of the subjective composition of control relations in the field of health care, as the place of collision of legal and shadow regulations, or the clash of public and private interests.

It can be distinguished within the framework of legal and shadow regulations of the following entities (Table 1).

Infrastructure personnel not directly related to the provision of medical services carry out their activities both within the framework of legal regulations (official and official duties) and within the framework of shadow regulations. In fulfilling their direct duties, representatives of this group control, within the framework of their functionality, the movement of value, as well as in the conditions of anti-Covid policy, this resource is extremely highly valued and can legally be located on the territory of a medical institution. Therefore, being within the framework of the legal

**Table 1** Content of the subject composition of control relations in the field of health care within the framework of legal and shadow regulations

	Legal regulation	Shadow regulation
Patients	+	+
Infrastructure staff of medical institutions	+	+
Junior and intermediate staff	+	+
Attending Physicians and Specialists	+	+
Management of medical institutions	+	+
Officials of Health Ministries and Departments	+	+
Generalized entities providing paid medical services	+	+
Informal subjects (nobility, representatives of non-traditional medicine, etc.)		+

*Source* Compiled by the authors

regulation by form in their content, specific activities can use the alternative of a shadow one.

Junior and intermediate staff also carry out their activities both within the framework of legal regulations (official and official duties) and within the framework of shadow. At the same time, both sanitary and medical manipulations and actions are functionally available to him, and the middle one also has access to medical drugs, equipment and patient information.

Treating doctors and specialists have a significantly wider functionality within the framework of legal regulation, a greater amount of information and have the right to make a decision in compliance with the rules. Replacing formal rules of communication with patients with alternative regulations and creates conditions for informal payments of grateful patients. In the context of anti-Covid measures, one feature of the above groups can be noted—this is the regulation of the use of protective equipment in general and masks in particular, which act as anomisers of violators of legal regulations.

The management of medical institutions, not exceeding the limits of their legal regulations, is functionally able to compete with representatives of the above groups, depriving them of part of the shadow income, but this does not happen due to the impossibility of this form of income to compensate for the risks and time losses that arise. This does not mean that these entities have no alternatives to legal regulations. The set of shadow regulations is as wide as possible.

Officials of health ministries and departments do not directly interact in the system of a patient doctor, but they functionally monitor the health sector as part of the implementation of legal regulations. And although in the shadow regulations there are primitive forms and only emerging, the economic interest of these entities is mainly concentrated in the corruption form of shadow relations. Generalized entities providing paid medical services within the framework of legal regulations on a reimbursable basis satisfy the demand of patients, and they may well remain within the

framework of legal regulations. However, they also have an economic alternative, it is not important that it is formed due to the need for competition or the greed of businessmen from medicine. We also note that the legal regulations of these entities are characterized by the status of the owner, which not only gives the right to profit, but also imposes the burden of the owner.

In general, it can be stated that changes in the legal regulation of health care during the period of anti-criminal measures create conditions for an expanded reproduction of the shadow economy and a change in its structure.

Why is the reduction of some structural elements of the shadow economy and the growth of others leads to an expanded reproduction of the shadow economy as a whole?

We will try to answer this question using the example of anti-Covid measures, such as the closure of part of medical institutions for quarantine and the reprofiling of others into specialized ones. Obviously, as a result of these events, the legal regulations have changed significantly. Namely, the averality of measures, the blurring of legal regulations adopted, the increase in the non-mandatory implementation in percentage, leads to a greater percentage formation of shadow regulations. Or the percentage of the legal regulation leads to its replacement in a larger percentage of the shadow regulation.

In medicine, this can be imagined as a standard developed by socially recognized labor, and voluntary explanations based on the economic status of the patient.

There are objective differences in the structure and work of the body of people, and there is a difference in approaches between medicine and health care.

This difference is manifested in the form of a “problem” of choosing whose life is of great value. Not by declaration, but by practical implementation.

In our opinion, this is one version of what can explain the social differentiation of the form of the Covid flow.

The problem of the patient’s perception of the actions of doctors, administrative and infrastructure workers is disbelief.

Trust in the health care system, a kind of medical compliance lost during the period of anti-Covid interventions, not only pushes patients to find an alternative to legal regulations, but also undermines confidence in upcoming vaccine interventions.

## 5 Conclusions

Given the above, it can be noted that time is objectively as a physical quantity, and economically, it is absolutely a limited resource. If we present the economic regulations as a combination of the legal and shadow parts, it will become obvious that the subject who is completely in the legal sphere does not have time for the shadow part of the economy as a whole. He must, due to his time in the legal sphere, replace the legal regulation with shadow. It is the disorganization of legal regulation and the health system during the period of anti-Covid measures that is the reason for the expanded reproduction of the shadow economy.

We believe that this approach will reveal the trends of expanded reproduction of the shadow economy in other areas, when analyzing the temporary structure of economic regulations.

This approach is devoid of the shortcomings of the previous ones due to greater objectivity, since it is based on a temporary structure.

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